EUROPE'S BUSINESS NEWSPAPER

Tuesday November 5 1985

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World news

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Warning to Marcos deal wins on poll court fairness approval

Leading Pilipino politicians warned President Ferdinand Marcos that if the snap election he has called on January 17 is not seen to be fair, the Government's authority will suffer. Allies and opponents of President Marcos said unsatisfactory conduct during the election could lead to in-

At least a dozen opposition leaders have been mentioned as possible candidates to challenge the President. They include Mrs Cary Aquino, widow of Benigno Aquino, the assassinated opposition leader.

Belgian bank blast

Pwo powerful bomb blasts ripped through offices of Relgian banks in Brussels and Charleroi. The Fight-ing Communist Cells are believed responsible. No one was injured.

Nicaraguan build-up

Soviet military shipments to Nicaragna have increased during the past month, according to the White House, which says a US spy plane flying over a Cuban port took photographs of crates believed to contain Soviet weapons for Nicaragua.

Postmen killed

Two postmen were killed when gunmen attacked a postal security van in Verviers, Belgium. A gendarme captured by the raiders was later

Seoul students held

Police stormed the US Chamber of Commerce office in Seoul, freeing four hostages unharmed and arresting 14 students after a two-boar anti-American, anti-government

Reagan orders probe

Checkpoint bombed

A pro-Israeli Lebanese militiaman was killed and a woman injured when a Syrian suicide bomber attacked a South Lebanon Army checkpoint four miles north of the

W. Germans doubtful

Most West Germans believe neither the US nor the Soviet Union is serious about disarmament, according to a poll commissioned for the ZDF television channel. It also said 46 per cent opposed possible West Ger-man participation in the US Star Wars programme, while 31 per cent favoured it. Star Wars progress, Page 12

Free riders jailed

India has jailed more than 5,000 people and fined nearly 10,000 for travelling free on the country's trains. The Government caught nearly 125,000 people either without tickets or with the wrong tickets during the first two weeks of

Syria urges accord

Syria urged rival Lebanese factions to stop arguing and sign a Syrianbrokered accord to end 10 years of

Chinese N-plant talks

Britain's General Electric Company will soon resume talks with China on a multi-billion dollar commercial nuclear power plant near Hong

Bus plunge kills 15

At least 15 people were killed when a bus heading towards Catamia from central Sicily plunged off a motorway bridge.

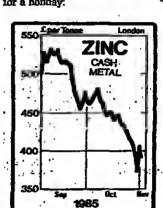
Business summary

Rothmans

PHILIP MORRIS, US tobacco group which manufactures Mari-boro cigarettes, has been granted permission by the West German supreme court to take a large mi-nority stake in the local subsidiary of Rothmans International, despite the continued objections of the Federal Cartel Office. Page 18 WALL STREET: The Dow Jones in-

dustrial average closed down 0.57 at 1,389.68. Page 40 LONDON equities were hit by profit-taking although the FT Ordinary index reached a record 1,071.1 with a 0.5 point gain while the FT-SE 100 closed at 1,380.9, a rise of 1.9. Gilts found arrived greater the part 40.

found revived support. Page 40 TOKYO stock market was closed



DOLLAR continued to fall in London, closing at DM 2.596 (DM 2.605). SFr 2.136 (SFr 2.1375), FFr 7.9125 (FFr 7.9425) and Y207.75 (Y208.85). On Bank of England figures the dol-lar's exchange rate index fell from 128.4 to 129.0. Page 33

STERLING gained just 5 points against the dollar in London to \$1.441. It eased to DM 3.74 (DM 3.7525), SFr 3.0775 (SFr 3.08), FFr President Reagan has ordered an 11.4 (FFr 11.4425) and 1299.25 investigation to trace the leak of a (1300.75). The pound's exchange covert US plan to undermine the rate index fell to 80.3 from 80.4.

> GOLD in New York, the December Comex settlement was \$327.10. It rose 50 cents an ounce on the London bullion market to \$325.25 and \$2.10 higher in Zurich at

DANISH Government plans a pub lic flotation of its 50 per cent stake in Kryolitselskabet Oeresund, a Greenland based mining group now diversifying into manufacturing.

GROUP of eight Australian banks will today launch the first Euro-Australian dollar certificates of deposit, intended to broaden recent interest in the Australian dollar

sector. Page 19 CHINA plans strict controls on motor vehicle imports for at least two years because a flood of imports has furthered the decline in foreign

exchange reserves. Page 5 IBM, US computer manufactures cut European prices of much of its personal computer range by an av

erage of 15 per cent in a move that will put pressure on competitors to NORSK HYDRO, Norwegian industrial and energy group, hopes to buy a stake in Sweden's largest oil refinery, Scanraff, from its joint owners, Texaco of the US and

Svenska Petroleum and OK of Sweden. Page 21 INTEL US semiconductor man fecturer, is closing one of its two plants in Hillshoro, Oregon, with the loss of 450 jobs and says it plans worldwide layoffs next year unles

industry conditions improve. PEOPLE EXPRESS, US disc airline which recently acquired Frontier Airlines, produced record profits of \$16.5m, up from \$6.8m, in the third quarter. Page 19

WE REGRET that Canadian prices were not available for this edition lue to communication problems. workers at the two plants. Massey's

BANKS 'READY TO DEFER LOAN REPAYMENTS'

ITC creditors set out terms for solving tin crisis

BY STEFAN WAGSTYL IN LONDON

THE CREDITOR banks of the International Tin Council last night laid down terms for helping to solve the tin market crisis, in which hundreds of millions of pounds are at

Sixteen financial institutions. which have set up an informal emergency committee, said they were ready to allow the tin council, a price part between consuming and producing countries, to defer repayment of loans, including interest, for 12 months.

In return the banks are asking the ITCs 22 members to support the council with fresh cash and loan guarantees. And they want a posi-tive answer to their proposals by Friday. An emergency meeting of the ITC resumes in London tomorrow.

Bankers last night said their plans were the first concrete proposal to solve the crisis in the tin market which hiew up nearly two weeks ago when the tin council announced it had run out of money to continue with its efforts to support tim prices by buying metal on the market. The ITC suspended its ac-

talking of the possibility of asset

sales bringing in closer to £5bn than the £2bn pencilled in this

Among the state-owned indus-

tries to be privatised next year are

British Gas, British Airways, the

Royal Ordnance factories, and the

National Bus Company.

The Government will also receive

a third instalment from its sale of

British Telecom, although the

lanned sale of the British Airports

Autoritiy may be delayed until the

following year. The receipts from British Gas will probably be stag-

gered over three years but the exact

size of each instalment has yet to

Ministers' confidence that a huge

privatisation programme can be managed has been encouraged by the Treasury's decision last month

to drop its policy of selling gilt-edged securities to contain the

That has brought a more optimis-

year's budget.

he decided . . .

tivities owing hundreds of millions efforts to co-operate among them-of pounds to its bankers and to met-al brokers on the London Metal Ex-en soon. Some banks are believed

The banks, which are owed be-default.

The bankers' announcement fol-down three conditions for continu-lows the intervention in the crisis of are asking for government guaren-ments to meet the council's debts.
tees from the council's 22 members They are keeping the DTI and the
for the outstanding leans, together Bank of England informed of their

12 months.

Lastly, the banks want a public statement from member countries tees to support it in future, or else wind down its operations in an orderly way with an undertaking that all its existing liabilities will be met.
One banker said: We have underlined to the ITC that there's not a lot of time left. But there's enough

UK may double asset

creased public expenditure through

The proceeds of privatisation are

classified by the Government as negative public spending rather than revenue, so that the planned expenditure total of £139bn next

year understates the actual level of

the Government's medium-term

. The Treasury is expected to argue that this is not reflationary

because spending in real terms will

be roughly unchanged from previ-

financial strategy.

sales programme

BY ROBIN PAULEY AND PHILIP STEPHENS IN LONDON

to have already declared the ITC in

ing to support the ITC - first, they Mr Leon Britian, Britain's Trade want the council's producer mem- and Industry Secretary, who last bers, which include Malaysia, In- Friday, urged fellow tin council donesia, and Thailand, to pay over members to honour the ITC's debts. to the ITC some 180m (\$80m) promised in September. Next, the hanks up the pressure on member govern-

with the interest due over the next moves, but are working independentily of the British Government.
The 18 financial institutions involved include the British banks that they will either give the ITC Hambros, Kleinwort Benson, and

"adequate" fresh cash and guaran-tees to support it in future, or else group Algemene Bank Nederland, wind down its operations in an or-Banque Nationale de Paris and Banque Indospez of France, Malaysia's Bank Bumiputra, and Malayan At the LME officials had no com-

Continued on Page 18 ITC's legal position, Page 32

Craxi looks for help over

malist Prime Minister, yesterday appealed indirectly for help from the Communist Party to get the 1986 budget and other urgent eco-nomic measures through Parlia-

ment by the end of the year.

In a self-assured and combative speech to Parliament that marked the end of the political crisis caused by his resignation on October 17, Mr Craxi said he hoped there would immediately be "a more direct and more constructive dialogue" with

Because the principal opposition to the Craxi Government comes from the Communist Party - the second largest in the country after the ruling Christian Democrats -Mr Craxi's appeal can be seen as an attempt to consolidate relations with the Communists that, after years of hitter hostility, improved dramatically when be confronted the US Government in the after-

charges in the welfare field.

Mr Craxi told the Chamber of Deputies that the row between the US and Italy, which broke out after the US diverted the Egyptair airliner carrying the Palestinian hijackers to the Nato base at Sigonella in Si-

the US, Mr Craxi said: "I said that Nato bases in Italy can only be used by our allies for the objective of the Alliance and in conformity with ex-

THE UK Treasury will be able to go the assessment of the cash position set sales programme should be at ahead with its spending total of the main financial institutions, least partly balanced by a reduction and confidence has been further in the planned level of public reinforced by the general buoyancy borrowing.

In the longer term, an additional of the stock market. Craxi devoted most of his of the stock market.

In the longer term, an anamona.

There may be a debate within the 12.2hm will have to be added to pub-In the longer term, an additional of asset sales and reducing its contingency reserve by at least £1bn.

There may be a debate within the first will have to be added to publingency reserve by at least £1bn.

There may be a debate within the first will have to be added to publingency reserve by at least £1bn.

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There may be a debate within the first will have to be added to public tingency reserve by at least £1bn.

There may be a debate within the first will have to be added to public tingency reserve by at least £1bn. speech to foreign policy and the pol-icy of trying to bring the Palestine Liberation Organisation to the ne-gotiating table. But he said the PLO the Environment Secretary, wins his battle to increase spending on had shown it could not control all those who said they belonged to it.

> Mr Baker is the main outstanding obstacle to agreement on future public expenditure plans, a key part of the Autumn Statement that the

spending by government departments.

Chancellor is boping to make next ments.

Tuesday if the problems with Mr An increase in asset sales of £3bn Baker can be solved in time, togethplanation which I am sure it will want to provide."

to £5bn would imply that depart- er with some loose ends still to be mental outlays are likely to be highagreed with Mr Norman Fowler,
er by roughly an equivalent amount
Social Services Secretary.

Ompared with the last forecast in

Mr Raker is asking for an artistic state of the second services. Continued on Page 18 £800m to be added to housing ex-

Communist budget

MR BETTINO CRAXI, Italy's So-

he opposition.

math of the Achille Lauro hijacking.

Mr Craxi said a wide consensu was needed not only in foreign poli-cy, but also in domestic and economic affairs.

The Government, having lost nearly four weeks as a result of the political crisis after the hijacking has an urgent need to get the bud-get for next year approved by December 31. Up to now, the Commun ists have opposed budget measures that would cut subsidies and raise

cily, had now been patched up. In the course of discussions

"We now face a deterioration of the whole Middle East situation which involves the PLO and raises the question of its behaviour and its basic objective. "I think the PLO owes us an ex-

Mr Craxis denounced as "disinformation which enjoys the status of holy truth" suggestions that Italy

Soviets attack Reagan over TV interview

BY PATRICK COCKBURN IN MOSCOW

summit meeting in Geneva in two questions.

week's time.

As part of the pre-summit buildup, the Soviet press yesterday published an interview with President
Ronald Reagan, its first with a US
leader for more than 20 years, but accompanied it with a harshly

gave the interview because "Mos-cow had seized the initiative" in the lead up to the Geneva meeting and to improve Washington's image in

Notice, the President's arms adviser. In all, Izvestia said, President had started discussions with Mr Ed. Reagan's answers showed that he

space arms."

The four Soviet journalists who

MR MIKHAIL Gorbachev, the So-day's Izvestia that Mr Reagan, havviet leader, sees Mr George Shultz, ing answered five questions they the US Secretary of State, in Mos-had submitted to him io advance cow today in a further effort to find "allotted us only 30 minutes for a common ground between the US conversation and we were not able and the Soviet Union before the to ask him even a third of our

Equity markets

boundaries, Page 16

leap the

In the interview Mr Reagan's hid to commend his arms control preposals included the most specific pledge he has yet given not to de-ploy new space defence weapons until offensive nuclear weapons are

"eliminated." Explaining the US approach to worded commentary. Explaining the US approach to This said that the President only the arms negotiations, he said. What we are seeking is a balanced, verifiable agreement or series of agreements that will permit us to ... terminate the arms race on earth

the eyes of its West European allies.

And prevent it in space.

The United States has on tracks Mr Shultz, who is leading a team The United States has no tracks of senior US officials, including Mr up its sleeve, and we have no desire Robert MacFarlane, the National to threaten the Soviet Union in any

uard Shevardnadze, the Soviet For- has a vision of the world through eign Minister, after he arrived in the eyes of an American conserva-Moscow yesterday.

Neither side would disclose the The paper said that the Presi-

contents of the talks, but the Soviet dent's proposals on arms reduction, newsagency Tass said they had fo- presented by US negotiators in cused primarily on "nuclear and Geneva last Friday, would give a Continued on Page 18

interviewed the President in the White House complained in yester-

Pöhl denies bid to raise interest rates

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank countries in New York in has firmly rejected any idea that it September. might be trying to push up domestic interest rates to strengthen the US agreed to try to keep down its interest rates while other countries interest rates while other countries. foreign exchange markets.

Karl Otto Pobl, noted yesterday deficit. that "according to press reports" the Japanese had sought to raise

But 1 their interest rates and so boost the such suggestion had been made at

"I want to say quite clearly that this is not the policy of the Bundeshad been.
hank," Mr Pöhl told a conference of West G tax officials in Frankfurt. On the contrary, he hoped that the recent upward trend in domestic capital

market rates would soon be re-Mr Pohl's comments come amid market speculation that an "international interest rate deal" was reached during the meeting of the Group of Five leading industrial

bolstered theirs, to help weaken the The central bank's president, Mr dollar and correct the US trade But Mr Pohl stressed that no

> West Germany had "earned" a relatively low interest rate level thanks to a consistent monetary policy, cuts in the public sector budget deficit and moderate wage

the New York meeting and he

would certainly have rejected it if it

This was a key element in the country's steadily strenghening economic recovery and there was no

accords, Mr Pöhl said.

Continued on Page 18

Some of Mr Lawson's advisers, ment with a survey that shows however, appear to believe that councils housing in need of at least such a rapid acceleration in the as-

Massey Ferguson halts output at combine harvester plants

an farm equipment and industrial engine maker, is suspending production at its combine harvester plants in Toronto and Brantford, Ontario, in the wake of a continuing decline in the North American

and 11.000

only combine harvester manufac- value of combine harvesters, profit

Weak demand forced the closure of the same plants for four months last winter and normal summer shutdowns were extended.

turing facilities. The company said margins are normally among the market conditions would determine highest in the farm equipment highest in the farm equipment business.

penditure by local authorities in 1986-87 and an extra £800m in each

The extra money would be exclu-

and Mr Baker is backing his argu-

of 1987-88 and 1988-89.

ous plans. The increase in cash sively for improvements and reno-terms reflects the higher rate of invations to the public housing stock

sation at the Brantford factory

Mr Victor Rice, chairman, said at the company's last annual meeting in June that the problems in the combine harvester market demand patience, and a lot of it."

BY BERNARD SIMON IN TORONTO MASSEY-FERGUSON, the Canadi-

Massey said yesterday that sales in the US and Canada fell by 20 per cent in the first eight months of the year. Sales had plummeted from a peak of 41,600 units in 1979 to 14,800 last year and this year's total was estimated at between 10,000 The closures will affect 1,325

ery. A USSam loss in the combine rvester division contributed to a net loss of \$5.9m for the three months to July 31. The division's revenues dropped to \$86.7m in the six months to July

31 from \$135.9m a year earlier.

Massey officials have said that

the company has no intention of withdrawing from the market. In an effort to improve capacity utili-The shump is one of the major Massey earlier this year bought drags on Massey's financial recoverant manufacturing rights to three models of rotary combines from White Farm Canada, following its

Because of the relatively high

Europe 2,3	
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economy; China 16 of a cashflow crisis 25 Equity markets: leaping the Technology: profits harder to boundaries 16 find in CAD industry 28

ANZ & GRINDLAYS OPERATE A NETWORK SPANNING 45 COUNTRIES

The Australia & New Zealand Rank ing Caron with its acquisition of the UK termidable presence on the international hanking seems with Carrin Assess of sweet

the globe with over 1,000 branches and others in 45 a contract

This places the ANZ Group in the Ment printer to associate prestants with their tenticular done-ne and inter-

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Minerva House, Montague Close, London SEI 9DH

USDNO billion. An asset base that spans Banking Group. The new force in International Banking. ANZ Banking Group Limited Grindlays Bank pic

Tel: 01-280 3100; Tix: 8812741 ANZBANK U Tel: 01 378 2121. Th: 885043/5 GRNDLY G RRANGES AND OFFICES IN A ACSERAGEA SEASON SERVICES OF A CANALAS SERVICES AND OFFICES OF A CANALAS SERVICES AND OFFICES OF A CANALAS SERVICES OF A CANALAS SERVICES OF A CANALAS OFFICES OFFICES OFFICES OFFICES OFFICES OF A CANALAS OFFICES OFFICE

fraught with pitfalls 5 on telecoms foothold 19

do-it-yourself economics . 17 Survey

Bismark born again in East Germany

BY LESLIE COLITT IN BERLIN

GTTO VON BISMARK, founder of the German Reich, has joined Martin Luther and Frederick the Great as part of East Germany's new historical heritage.

All of them were rejected as bourgeois and thus recationary and a few years ago when East to ehallenge "monarchic Prussian revolutionary."

Germany began to challenge West Germany's claim on most of German history.

The first Marxist blography of Bismarck has appeared in East Germany — and West Germany as well — and is showing all the signs of hecoming a best seller in both parts of the former Reich. Only days after appearing in East Berlin the first priming sold out and a second one is due before Christmas.

Written by the East German historian. Dr Ernst Engelberg, the book describes Bismarck as a man whn staged a "revo-lution from above" by smashing the feudal alliance of German lution from above" by smashing that be achieved a reconcilio his lift the feudal alliance of German tion with Czarist Russia which bighly princes and creating the North the East German leadership has ality.

The biography has been hailed in a review by the main Communist newspaper Neues Deutschland which said in a Deutsehland whien said in a headline: "Realistic life portrait of the native Prussian and founder of the Reich." Until recently, virtually everything connected with the Prussian state was condemned by East Germany which straddles a good part of former Prussia which was dissolved in 1947 hy the four wartime allies.

One factor which may have helped the Bismarck revival is



Bismark: new biography

been urging West Germany to emulate with Moscow. Some West German reviewers of the biography note that the author apparently became so fond of Bismarck in the 20 years it took bim to complete the book that he failed to interpret RAINBOW WARRIOR TRIAL CAUSES SATISFACTION IN PARIS

NZ expected to expel two French agents

THE FRENCH Government was visibly satisfied yesterday with the ontcome of the trial in New Zealand of two French secret service agents involved in the sinking of the Greenpeace flagship "Rainbow Warrior," in which a photographer died.

Captain Dominique Prieur and Commander Alain Mafart both pleaded guilty after the charges were changed from murder to manslaughter. The general view in Paris them personally and saying the general view in Paris has been finally buried. However, it is of serious bungles by the proposition of the prieur agents indicated after the proceedings on Monday that French and New Zealand diplomats were likely to negotiate after the proceedings on Monday that the return to France.

Trial risking to turn the so the act of blowing np the ship that had been sent to New Zealand to prepare the sabotage mission. The Rainbow Warrior was blown up by another team of French agents. Mr Paul protracted trial which risked having domestic political reperducts of prepare the sabotage mission. The Rainbow Warrior was blown up by another team of French agents. Mr Paul protracted trial which risked having domestic political reperducts and protracted trial which risked having domestic political reperduction campaign next March.

The general view in Paris has been finally buried. However, it is of serious bungles by the prepared to five protracted trial which risked having domestic political reperducts and protracted trial which risked having domestic political reperducts and protracted trial which risked have increasing was blown up by another team of French agents. Mr Paul protracted trial which risked having domestic political reperducts and protracted trial which risked having domestic political reperducts and protracted trial which risked having domestic political reperducts and protracted trial which risked having domestic political reperducts and protracted trial which risked having domestic political reperducts and protracted trial which risked having domestic political reperducts and protracted trial w mats were likely to negotiate their return to France.

it took bim to complete the book that he failed to interpret his life's work or to analyse his blghly contradictory personality.

The change of charge from murder to mansloughter and the French guilty plea has curtailed what could have become a long and complex not been involved directly in

Both have increasingly appeared to be seeking a com-

could have threatened New Zea-land's economic interests with the European Community.

Before the bearings on Mon-day in Auckland, described by a large part of the French Press yesterday as a "coup de theatre," the Socialist govern-

ment had already managed, to a large extent, in smother the affair in France.

The opposition parties have olso felt uncomfortable about the affair because they have not wanted to undermine France's nuclear interests or alienate the armed forces. None the less, this has not prevented them from repeatedly attacking the Government for its handling of the affair.

Dai Hayward adds from Wellington: Mr David Lange, New Zealand's Prime Minister, New Zealann a Frime Amister, was adamant yesterday that his government had not been involved in the decision to reduce the charges against the French agents, Discussions on possible compensation to New Feeland wave ctill proceeding in Zealand were still proceeding in New York, he said, and could also consider the agents future.

The change in charges caused confusion and surprise yesterday aming the 170 journalists eraimmed into the court and an adjourning room to report the trial. There had been angity confrontations the day before between some of the eight international TV crews and court authorities niver the hanning of cameras. Local Greenpeace officials were also critical of the reduced charges. In a brief address to the rourt, the Crown Prosecutor Mr Paul Nearor described how several teams of French secret service agents came to New Zealand as

agents came to New Zealand as part of an elaborate scheme to disable the Rambow Warrior and thus stop it taking part in an anti-nuclear protest voyage to the South Pacific island of

Mururos.
At least four separate secret also consider the agents' future.

At the time of their arrest, Mr Lange rejected a French request that they be repatriated and contributed to the ombing to France. He said then: "There will be no deals."

At least four separate secret service groups had been operating in New Zealand, he said, and contributed to the ombing the vessel in which a Portuguese crew means and the said them.

Paul Betts interviews one of France's former industrial leaders who is trying to rebuild his shattered business life

BARON EMPAIN, or simply alised Compagnie Generale the Rue d'Anjou as he became known when be ran the French Empain-Schneider industrial conglomerate from its head-quarters in the eighth arrondissement is making a compagnic d'Electricite and an arch rival of Empain-Schneider and from there he runs a barter trading quarters in the eighth arrondissement is making a compagnic d'Electricite and an arch rival there he runs a barter trading did of commodities from oil to coffee.

titillated to discover that one of still is and has now started a and France where his Electro-new business career and decided rail company built the Paris to put on record his side of his extraordinary story in a book called "La Vie en Jeu" or "Life at Stake."

rail company built the metro, among much else.
"I've always got impression that the genera is buried in the family for

He sold his controlling shares

Some more modest offices an unusual figure for a business-have been rented in the Avenue man. "It is not my fault but it Kleber, next to the headquarters has always been a problem. I've could have stopped me if they from General Electric.

and became the name of a street in Paris. It was a good lng group owned by the nation and I doo't look like the typical to buy me out. I would have sold to manage the day-lo-day bisistem giving a lot of power

sement, is making a cameback.

After his sensational kidnapping in 1978—he was held for 63 days and had one of bis over his desk of General fingers cut off—there was the equally sensational scandal that father and the Belgian entrefollowed. His private life was preneur who built up the Empain fortune and industrial past is the portrait over his desk of General father and the Belgian entrefollowed. pire, constructing railways in the then Coogo, in Egypt where the country's leading industrial he also created the suburb of barons was a poker player. He Heliopolis in Cairo, in Belgium

"I've always got the impression that the general who Stake."

is buried in the family tomb at
He sold his controlling shares
Heliopolis, where my father
his conglomerate to the Jean is also huried and where Banque Paribas three years ago
I hope to be buried, is up there
and cut all links with the Empain Schneider group which, be
says, he tried to turn ioto "a
French multinational."

The same of the buried is up there
and joking at me," says Baron
Empain, who is called Edouard
and Jean after his grandfather
and father. Aged 48, he still cuts

expand his industrial empire.
After seizing control of the
Empain group from his uncle
who also became his stepfather

heavy industry. "They (the Government) could have stopped me if they wanted. All they had to do was

Empain deals himself a new hand

making locomotives, into a leader in the nuclear energy field. He succeeded and gained ("my family is a bit like Dallas.

a monopoly in France when Belgian Empain, the French My stepfather or uncle was depossessing me"), be launched a bold takeover bid for Schneider, one of the most veocrable Institutions in French heavy industry.

Westinghouse against the CGE and its Alsthom subsidiary's becoming invisible. I was so believe the step of the most industry. boiling water system licensed from General Electric.

right price. Instead, they attacked and I fought back."

The Baron acknowledges that he decided to write his story because be wants to "rehabilitate" his tarnisbed image. He was never liked by the French establishment nor the activity the surface of the group which was never liked by the French establishment nor the analysis that the surface of the group which was employing 130,000 people by the attacked and I fought back."

With Schneider also came a mpire builder. "I liked building up the group and the back price of the group which was employing 130,000 people by the attacked and I fought back."

With Schneider also came a mempire builder. "I liked building up the group and the back price of the group which was employing 130,000 people by the attacked and I fought back."

With Schneider also came a point of the group which was employing 130,000 people by the attacked and I fought back."

With Schneider also came a point of the group which was employing 130,000 people by the attacked and I fought back."

With Schneider also came a point of the group and the proposition battles," he saw bimself as a manufacture of the group and the group and the proposition battles, and be left the running of the back proposition battles, and be left the running of the back proposition battles, and be left the running of the back proposition battles, and be left the running of the back proposition battles, and be left the running of the back proposition battles, and be left the running of the back proposition battles, and be left the running of the back proposition between the proposition battles, and be left the running of the back proposition between the back proposition battles, and be left the running of the back proposition between the ba administration. He admits he Baron Empain became comwanted to be the Queen of was an adventurer "in the best mitted to turn his group, sense of the word," thirsty to involved in sectors ranging managing director was the expand his industrial empire, from steel and shipbuilding to prime minister who governs." prime minister who governs."
The group be created, bow-

ever, was formed from different rival clans — the Schnelder, the

becoming invisible, I was so successful that I lost my identity



Empain: another ebapter

collaborators to my close collaborators especially in negotiotions with the Government and it preserved my private life. I could go out in the Champs Elysees and have a coffee and no one knew who I was. At night I could be with my friends, In jeans or playing poker, and no one knew. It poker, and no one knew. It worked for 12 years." He would have liked to take

lbe group into some consumer businesses. "But my people regarded that as something beneath a beavy industry group like ours." As for Creusot-

Loire, he says the company was always uomanageable. Creusot-Loire has now become a cause celebre following its set the record straight. Before bankruptcy — the largesi ever writing his book, he had to

left three years ago, failed ade-quately to prepare bis battle. The Baron's life, as he describes in his book, was shattered by bis kidnapping. But the physical torment he experi-enced was not the worst part. It

was the fact that, unknown to him, his private life which ho had succeeded in keeping secret even from his closest husiness aides, suddenly became exposed. "I became the playboy, the monster, Dr Jekyll and Mr Hyde,

and I did not know anything about it." When he was finally released (the ransom was never paid), he was not greeted as a hero bul as a villain.

For a while he went into a kind of voluntary exile in the U.S. His wife left him. He then decided to return and take over the reins of his company again,
"It was too early." he says.
"The company was traumatised
and the people in it under
shock after my massacre by the
Press. I was slill too weak. To make a go at a come back. I would probably bave had to fire 40 top managers and I couldn't do it in the state I was then. I would be able to do it now."

was unable to cootrol the run-ning of the group, he threw in the towel. "I think I am a sportsmao. I am a good winner aod a good loser,"
However, he also wanted to

When it became clear that he

In France — last year. Baron Empain, who was by then out of the group, believes it could probably have been avoided. But he feels that Mr Didier Piocaultale over from him when he left three years ago, failed adequately to prepare his battle. The Baron's life, as he describes in his book was possive in the French media.

posure in the French media, "I have been touched by the general wave of sympathy that has been shown to me. All I really wanted to say was that:
I am no monster, as was writen
after and during my kidnapping,
but a perfectly ordinary human
being."

forth.

That is an understatement to say the least. Baron Empain is more and more assuming a romontic image that combines business baron with a touch of James Bond.

FINANCIAL TIMES

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Ask Swiss Bank Corporation

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However, as Mr. Rossier puts it. the first thing to remember about investment management is that you have to be very clear about your investment objectives. And for that, you also need to know how the external factors and the range of possibilities can affect these objectives. This is why many investors are looking for even more than an ability to make sound decisions when they choose a portfolio manager, They want to know what they're getting into, and they want to make sure their objectives are sound. So a good investment manager has to know his customers as well as his markets. It's a good reason for going to a good bank, with the organizational resources and experience to give you the "up-front back-up" you need.





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EUROPEAN NEWS

UK urged to lead fight against EEC national barriers

BY QUENTIN PEEL IN BRUSSELS

LORD COCKFIELD, British vice-president of the European vice-president of the European Commission, yesterday launched a starecty-veiled attack on his former colleagues in the British Government, for their resistance to strapping all frontier controls in the EEC.

He condemned member states for seeking to pick and choose which parts of the single common market they were prepared to support, and called on

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common market they were pre-pared to support, and called on the UK to lead the fight to remove all remaining national barriers by 1992.

In an outspoken speech to the Association of European Journalists in London, Lord Cockfield made no secret of his strategion with the attitudes in

whitehall to rapid progress in abolishing remaining national barriers to the EEC-wide market.

part of his attack on the oppopart of his attack on the oppo-sition of member-states to scrap-ping physical controls at fron-economic success dictated that tiers, in which the UK has led the British Government should the resistance.

"We convince ourselves— the European Commission pro-without much evidence to sup-port it—that it is our well-market by 1992.

EEC Development ministers last night gave broad approval to an Een 100m (£59m) European Commission plan to supplement food aid to eight drought-hit African countries with a general rehabilitation programme, writes Ivo Dawnay in Brussels. They held back, bowever, from committing a further Ecu 100m from their own treasuries until the details of the programme are fully

analysed.

The programme aims to create a permanent supply of emergency resources in the afflicted countries and to found the restoration of basic creates and to found the restoration of basic creates. rural infrastructure.

market.

"National administrations have an inhuilt resistance to change which can wear down even the most determined heads of government." he declared, in apparent defence of Mrs Margaret Thatcher. Britain's Prime Minister.

Lord Cockfield focused a key mark of his attack on the opportunity of his attack of affairs should be integrating Britain with Europe or abolishing our frontiers that the provided as the

Eureka link-up proposed BY DAVID MARSH IN PARIS

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FRENCH, ITALIAN and Swiss tions on technology collabora-companies are planning to pool tion for which Europen expertise in laser-based factory industrialists will be seeking companies are planning to pool tion for which Europe in expertise in laser-based factory production in the latest example of co-operation under the under the Eureka programme.

said yesterday it was teaming up with Fiat of Italy and SMH of Switzerland in automated manufacturing systems making use of both roundes and laser

The project has been put for-ward as one of many suggestibres.

Eureka programme,

Compagnie Generale d'Electricite, the French nationalised in both carbon dioxide and
electronics and energy group, solld-state "Yag" lasers. An
automated factory using lasers,
automated factory using l CGE said the project would

would use robots to carry out laser assembly work and to transport material around the plant, controlled by a com-puterised system using optical

German Jews

A PROMINENT West German Jewish leader appealed yesterday to Mr.
Walter Walmann, Mayor of Frankfurt, to ban the showing of a Rainer
Werner Fassbinder play, saying it
"contradicts the spirit of reconciliation" between Germans and Jews, AP reports from Frankfort

The premiere of the play, "Der Mill, die Stadt und der Tod" [Garbege, the City and Death, was can-celled last Thursday after Jewish ticket holders occupied the theater stage. They said the production was anti-semitic.

Current account warning for Danes

By Hillary Barnes in Copenhagen

DENMARK'S current balance of payments will continue heavily in deficit in 1986, Mr Erik Hoffmeyer, National (central) Bank governor said in an interview published in Copenhagen yesterday. He called the country's grow-

ing indebtedness "dangerous" and said it was fantastic that the foreign debt should continue to rise.

He predicted that the cur-

He predicted that the current account deficit will be about DKr 21bn-22bn (£1.4bn-£1.5bn) about 3½ per cent of GDP—in 1985, and about DKr 20bn in 1986.

He called for fiscal measures to curb the growth of private consumption, which, he said, was the only feasible approach to the corrent account problem in present circumstances.

to the corrent account problem in present circumstances.

Denmark's net foreign debt by the end of this year will be about DKr 2400n, or almost 40 per cent of GDP.

"The growing indebtedness is dangerous," said Mr Hoffmeyer. "When you consider that the net foreign debt per inhabitant is DKr 45,000, it is fantastic that it goes on."

With the current account deficit continuing to increase at its present rate, exports of manufactures need to increase by DKr 4bn a year just to keep up with interest on the debl-"a colossal burden to place on

Cyprus peace

effort discussed

THE CYPRUS President, Mr Spyros Kyprianou, is in Athens for talks with the Greek Govern ment on recent contacts with senior United Nations and US officials involved in peace efforts for the island.

Mr Kyprianou was expected to relay the results of a meeting in New York last month with Mr Javier Perez de Cuellar, the UN Secretary General, who is directing an initiative to establish a two-zone federal republic in Cyprus with the backing of

Washington and London.
The Greeks will tell Mr
Kyprianou about talks here last
week with 'Mr' Michael Armacost, US Under secretary of State for Political Affairs in which Cyprus was one of the

items on the agenda.

The US is interested in seltorder to improve relations be-tween Greece and Turkey on Nato's south-eastern flank.

seek play ban

for yesterday but city officials later announced it would not take place cooling-off period." Officials stuck to plans for a rehearsal of the play

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European security talks reopen in hopeful atmosphere

BY DAVID BROWN IN STOCKHOLM

THE S5-NATION European document. culty of the Issues facing the forth-coming US-Soviet summit of the relation meeting in Geneva the relations are seen as the most likely area for an early month indicated Soviet willing-

control.

Security Conference opens its Since January last year the eighth session here today to conference has been negotiations on log so-called confidence-building ways of reducing the risk of measures (aimed at reducing war in Europe. Given the diffithe risk of war breaking out by

superpower agreement on arms ness to negotiate procedures requiring both Nato and the During the seventh session of Warsaw Pact to give annual adthe conference several import-ant concessions led to a break-manoeuvres, an idea which was through in negotiating proce-dures which will ease detailed The Warsaw Pact has also drafting work on a concluding informally dropped its insist-

MR RUUD LUBBERS, the Dutch Prime Minister, has accepted an invitation for talks in Moscow with Mr Mikhail Gorbachev, the Soviet leader, writes Laura Rann in Amsterdam. The invitation came just before last week's decision by the Government to deploy 48 US cruise missiles on Dutch soil, but the Soviet ambassador has made clear that it still slands. The Government

is now awaiting firm proposals on a date and agenda.

In the meantime, a Dutch-US accord on the missiles was quietly signed yesterday setting in motion final preparations for their deployment.

weepons and a European ban on chemical weapons in exchange for Nato's willingness to bank of the table of table o discuss a general agreement on

sures as advance notification of

was described in relatively glowing terms by both sides at the end of the last session. several difficult issues remain to be solved. Among these is the Soviet desire to add independent air and sea movements to the land-based exercises which would be notified in advance. This has been rejected by the US as an attempt to extend the mandate of the talks.

ence on various declaratory non-use of force in the context make over the shape of a long measures such as mutual repundance of its own proposals. Western awaited proposal from the weggons and a European ban such measures and a European ban such measures and a European ban such measures as advanced on the talks.

A major question mark also awaited proposal from the context measures as advanced on the talks. pants who have found it more

Soviet weakness shows in commodity shortages

BY PATRICK COCKBURN IN MOSCOW

A SHORTAGE of bandages in So- 50 per cent satisfied and for cotton viet bospitals and chemists' shops has highlighted the continuing weakness of the country's industry.

This year only 1.5 per cent of demand for startle bandages is being met, according to the daily newspa-per Izvestia. The figure for first aid dressing is 29 per cent, and for regular bandages 81 per cent.

The Light Industry Ministry, responsible for meeting the needs of sponsible for meeting the needs of the Health Ministry, blames the shortage of bandages on the lack of industrial capacity to produce them and insufficient capital

mand for medical gause will be only producing more.

wool 64 per cent. The shortage of such a key com-modity as bandages underlines the difficulties facing the Soviet Gov-

ernment in raising the quality of consumer and light-industrial goods. A programme for increased production of consumer goods, published this month, contains few new ideas other than promises of higher production and more attention to consumer demand.

Izvestia says that despite the committee's detailed recommendabons, nothing has been done. It adds that the two ministries spend westment."

and insufficient capital much of their time bickering about which was responsible for the shortage in the first place instead of

Luxembourg satellite TV bid

LUXEMBOURG - From a remote rural hilltop, Radio Luxembourg (RTL) has broadcast a constant television and radio diet of music, news, sports and quiz shows to Eu-rope for more than 50 years, halted only during the country's Nazi

occupation.

But as the race hots up for Europe's 310m strong television audience - and the lucrative advertising to se revenue - the tiny Grand Duchy year. has decided to take to the skies in a bid to become the television capital

A new company founded in Laxembourg in March, Société Euro-péenne des Setellites (SES), has just announced it is buying a 16-channel satellite from RCA Astro-Electronics for a 1987 launch. The cost of the satellite alone is put between \$40m and \$50m.

programmes at most of Europe communications that were allotted

ment's TDF-I satellite, due to go in-to service in the middle of next But advances in te

Both SES and RTL declined to comment on their plans. But the Government is enthusiastic, aware that with a tax bill of 1.7bn Luxembourg francs (\$30m) last year, CLT is already the biggest taxpayer in

the state. The project got off the ground in 1983 when US entrepreneur Mr Clay Whitehead suggested using a satellite bought off the shelf in one The satellite will be able to beam of three orbital positions for tela-

apart from the continent's fringes, to Luxembourg by the European to anyone with a one-metre antenna costing as much as a video "At the time, we thought it was Recorder.

mad," said Mr Zimmer. The fears were that a satellite using the telepany. Compagnie Luxembourgeoise de Télédiffusion (CLT), is also much bigger antenna receiver than strongly in the running for two channels on the French Governscript of the control o

> But advances in technology mean the SES satellite needs only a slightly larger antenna, around a metre across compared to the 60cm of the heavier satellites.

The Whitebead plan failed last year to gain the European financial backing insisted on by the Government and SES was set up with backing from French, Danish, Swedish and Belgian investors and two Luxembourg state-owned

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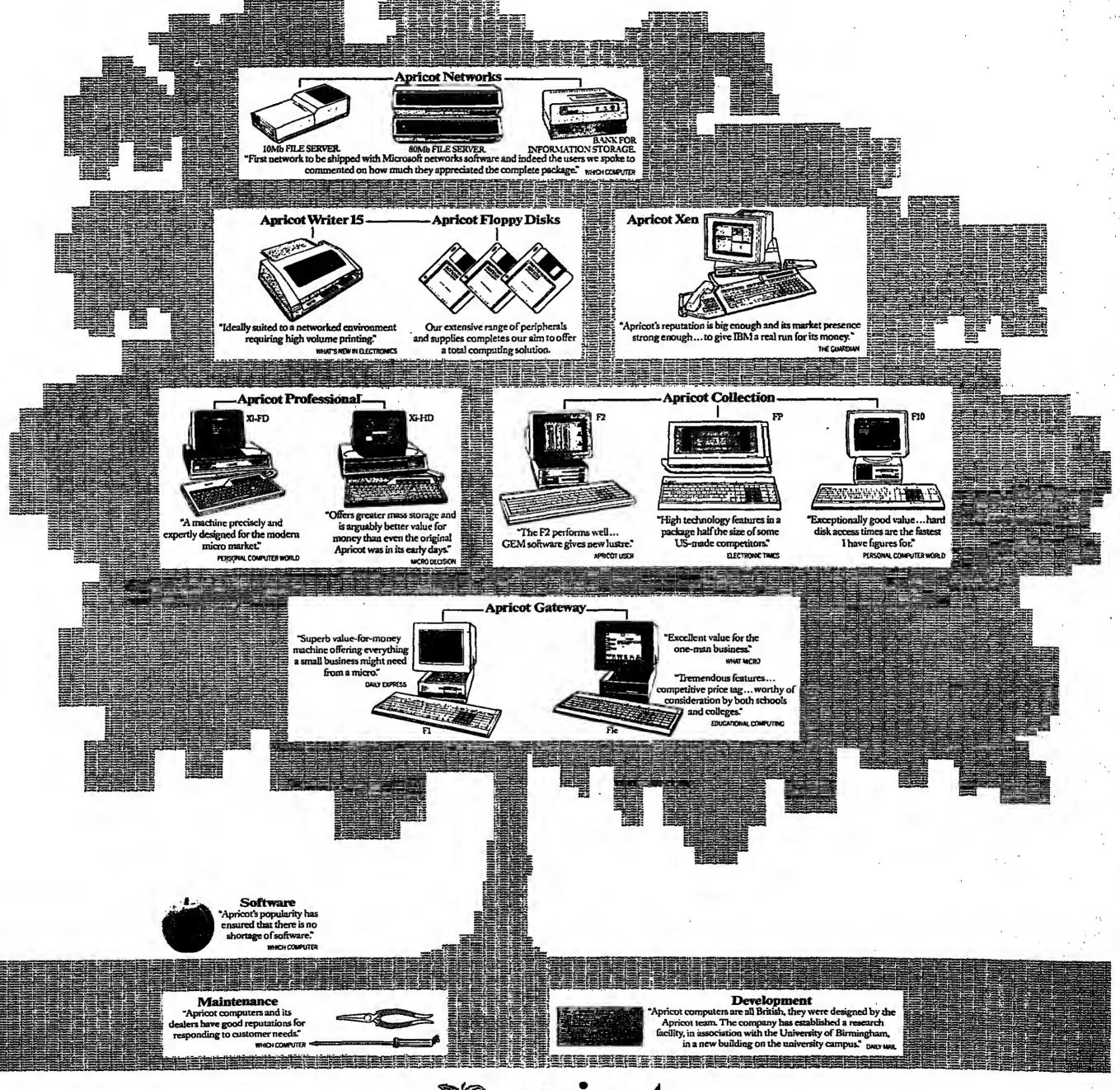
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han any

Peking to put curb on motor imports for next 2 years

exchange reserves.

Economic Relations and Trade. Zbeng Tuohin, said the central

was too high and we dis-approved."

All contracts already in effect would be honoured but he clearly stated that the

Government was taking a much

ziting said, Chinese authorities would take into account whether the equipment was necessary for China's modernisation drive.

country and it will suffer for a long time a shortage of

Those limited reserves were at their "highest point" last

year, but since then, "had some reduction." He attributed the

foreign exchange reserves."

developing

tougher line on imports.

"China is a

BY ROBERT THOMSON IN PEKING

THE CHINESE Government has indicated that motor vehicle imports will be strictly controlled for at least the next two years, following a flood of imports this year which con-tributed to the slump in the country's cherished foreign

exchange reserves. China has already introduced an import regulatory tax, lifting import duties on cars by 80 per cent, and forced govern-

80 per cent, and forced government departments to curtail vehicle purchases. Now, the People's Daily has indicated that special permission will be required to import cars in the next two years.

Figures published by the paper put vehicle imports in the first quarter of this year at 27,461, up from 2,889 in the same period last year.

The huge increase in vehicle and other imports late last year and early this year was responsible for the fall in exchange reserves from \$16,3bn in October last year to \$11,3bn at the end of March this year.

The controls on vehicle im-

The controls on vehicle imports are part of a generally tighter import policy, which has included the introduction nas incinced the introduction of legislation requiring all technology import contracts to be approved by the Ministry of Foreign Economic Relations and Trade, whereas provincial authorities previously had the power to finalise such contracts

themselves.
As a senior official of the Investment Corporation (Citic) explained: "The thing for China now is to halance foreign exchange." The over-importation of passenger cars was only one example of poor allocation of foreign exchange." of foreign exchange.

The official indicated that nuless China succeeded in its aim of increasing export income, imports would have to

Fuji close to signing China colour print pact

By David Dodwell, recently

ha reviewed as the country would have limited ability to pay for products with its FUJI, the Japanese film manufacturer, is close 10 signing an In the first three-quarters of this year, China's imports rose 67 per cent, while exports increased by only 2.3 per cent. China's Minister for Foreign cial government in Guangdong to set up a \$150m plant to make paper for colour prints and

The agreement comes after three years' halting negotiation, during which the Japanese com-pany was reluctant to sell to China the technology necessary to make the film products. A breakthrough came early this year when Kodak of the

Zheng Tuohin, said the central government was closely monitoring the use of foreign exchange reserves and had actually disapproved of Import agreements reached by provincial anthorities.

Asked for an example of a nearly-completed contract which would not proceed. Zheng cited the case of an automobile import agreement in which "we found the price was too high and we dis-US reached agreement with the Government of Xiamen, in nearby Fujian province. Mr Xu-Feng, vice president of the Guangdong Internstional Trust and Investment Corpora-tion (Gitic), noted in Canlon: "Fuji realised that if they did not sell their technology, the US company would win a very strong position in our domestic

market. fused to make any equity com-mitment to the venture, which will be in Shanton, south of When considering import agreements in the future, Zheng said, Chinese authori-

Agreement on the colonr paper plant was reached in July, while agreement on the film plant is expected later this

month when a top-level delega-tion of Guangdong officials visits Japan:

The venture will be 50 per cent-controlled by the Shantou Photosensitive Materials Com-pany, and 50 per cent by Gitic. Each will invest \$10m, with the remaining cost of the plant being covered by loans.

decline to greatly increased imports of cars. consumer goods, and technology. China's 57th Canton Fair closed yesterday with scant evi-The minister claimed that the exchange reserves, which stood at \$10.852bn at the end dence of the export drive pre-dicted by the country's official media. Officials were confidently predicting orders—mostly for export—worth at least \$2.7br (£1.9bn) Paul Cheeseright examines a new transatlantic trade agreement

Steel accord fraught with pitfalls

STEEL-PRODUCING nations of the Europeao Community have started what could turn into a prolonged haggle on whether and how they should accept a new sales restraint agreement with the US that draws nearly all product calegories into its

The matter is likely to be passed up to ministers for final decision. Officials meeting in Brussels yesterday were baving only a preliminary look at a settlement negotiated by the European Commission and intended to secure steel trade

peace for four years. Snap reactions to what the Commission bad achieved ran along the lines that the overall package was predictable but there could be internal trouble

Burden sharing

This relates to the tonnage which individual companies will be allowed to sell in the US from the beginning of next year onwards. "Burden-sharing" the Community Jargan.

Burden-sharing arrangements between the steel companies exist for three of the four sections of products covered by the draft agreement — those pro-ducts under restraint sioce 1982 or which came under restraint last August and those special steel products caught up in unilateral safeguards imposed by the US in 1983.

But the quota arrangements for the 1982 products permit extra EEC sales of 125,153 net tons and for the August products an extra 26.005 net tons. Diplomats are expecting a rigorous negotiation on bow the extra tonnages will be split up.
But this merges with the need
to have a whole new hurdensharing agreement on the
products for the first time subiect to restraint

THE QUOTAS - EEC STEEL FOR THE US (Net tons) Products under restraint since 1982 Hot-rolled sheet and strip 1.094.980 6.81 1.114.275 5.36 9.91 4.29 2.38 3.27 2.20 8.90 21.85 307,718 615,114 Hot-rolled bar Coated sheet Tin plate 88,555 83,467 Products under restraint since August 1985 Alloy wire rod Round and flat wire 23,177 26,180 183,100 13,552 57,351 26,070 42,016 37,121 82,525 25,140 1,950

	Rails products	6,091	4,080	
	Products under restraint for the first time	1985	1984	
•	Stainless wire	4.065	6,800	
	Fabricated structurals	19,577	18.240	
	Wire strand	32,659	37,224	
	Wire rope	2,156	5,700	
	Other stylplare steel	0.787	12 004	

Products under restraint when US tifts safeguard measures 7,505 37,147 5,500 9,000

Stainless sheet and strip

Cold-rolled strip Cold finish and other bar

residual complaints about the nature of the existing strangements, there could be attempts to use the division of the extra tonnage as a way towards open-

ing up the wider question. .. The biggest share of the EEC export market in the US is taken by German companies. roducts for the first time sub- France follows and roughly itself, Mr dect to restraint. Herel pegging in third place are "I cannot Ignore the fact," tonne Because each nation has Belgium, Italy, the Netherlands said Mr Willy de Clercq, ex- year.

and the UK. The internal problem of burden-sharing is the first test of the agreement—the Commission

could be asked to re-negotiate

some points. When that is finished, however, other difficul-ties are almost certain lo

"that there are a number of clouds on the horizon. Semifinished products are not en-shrined in the new agreement despite the insistence of the US. I cannot exclude he possibilities of difficulties."

The Ten would not permit the Commission to bring semi-ficished products into the agreement. In 1984, 800,000 tons went to the US. This year the figure will be bigher, as European companies have met the demands of the US industry

Like the earlier restraint agreement, the US can call for consultations if "semi" sales suge. This happened last spring. If these consultations do not lead to sales restraint. European companies could be faced with unitateral US safe-guards or anti-dumping actions.

Consultations

There is also provision for the US to call for consultations if sales rise sharply in the only other six products not embraced by the agreement—bound saw steel, galvanised whre fencing, oil rigs, conductor rails and two varieties of stainless steel short. If the new agreement goes

through—and the Reagan Administration in Washington will be scrutinising it as closely as the Ten—then, overall, the EEC position in the US market will be stabilised. This is in contrast to the effect caused by the narrower 1982 agreement, which led to a 27 per cent drop in shipments

during 1983, from total 1982 shipments of 3.44m tonnes. After that, in response to the strong doliar and beavier US demand for products not subject lo restraint, sales increased to 4.6m tonnes in 1984. Now Mr de Clercq talks of a 6m tonnes market worth \$2.5hn a

Control Data poised for Indian contract

By John Eiliott in New Delhi

CONTROL DATA Corporation of the US has emerged as the public sector computer development contract worth more than \$30m (£21.4m), following a pace-making decision by the US Government to fend off a rival hid from Buil of France with \$7m of financial ald.

Negotiations which started more than 2 year agn between the Department of Electronics and CDC finished at the weekend, The US company is expected

to be awarded the contract subject to the approval of the Indian Cabinet which has to give assurances that the emputers will not be used for developing nuclear weapons

After months of hesitation, the US Government has given an export licence for the project, subject to the final assurances, it has also demonstrated its growing interest in helping India develop high technology products by agree-ing for the first time to give the aid from its economic supply fund.

This decision is likely to be followed with similar support for other hids from the US and is believed to be a direct result of the softer line now being adopted by the Reagan Administration on financial support for foreign projects.

The contract is important because it covers technical collaboration with the Contract.

oration with the Government-owned Electronics Corporation of India to develop the country's first indigenous main frame computer which will give it a major footbold in India's rapidly expanding electronics husiness.

The size of the husiness in volved will depend on the amount of knocked down kits and components ordered from the US when manufacturing of the compulers begins in India

Chinese in Iceland smelter talks

BY WILLIAM DULLFORCE IN GENEYA

THE CHINA National Non-Ferrous Industries Corporation (CNNC) has shown interest in participating in the expansion of the Alusuisse aluminium smelter in Iceland. The project would cost over £100m.

It has also been discussing the use of the Swiss aluminium group's technology in building a smelter with an annual capacity.

nf 220,000 tonnes in Xian province, China; CNNC's involvement in dis-

BY JOHN GRIFFITHS

ernments of the countries in-volved is required if European

manufacturers are to prosper, according to a new report from

Automotive Research and Management Consultants.

"To meet Japanese competition, the European governments must look towards better co-

ordination of financial support

Ha pointed out in evidence to

Europe's motor industry

warned on Japan threat

cussions about the Icelandic smelter appear to be one of the first signs of Chinese interest

a very early stage.

The Isal smelter, just outside Reykjavik, has at present an annual capacity of 88,000 tonnes The Icelandic Government, more primary aluminium for itself in Iceland but recognises the economies of scale which that in Kian province, has been

It has suggested that a part- reasons.

in investing in Western Europe, ner be found to finance the but an Alusuisse spokesman building of a third pot line pointed out that talks were at extending capacity to more than a very early sage. building of a third pot line, extending capacity to more than 130,000 tonnes. The CNNC has heen talking to both the Government and Alusuisse

Mr Paul Muller, Alusuisse's

former managing director, is acting as consultant to CNNC eager to exploit its vast hydro- acting as consultant to CNNC electric prower reserves, wants which has been in contact with to expand the smelter. Alusuisse several international aluminium is not interested in producing companies about the building

for archaelogical

THE WEST EUROPEAN commercial vehicles industry increasingly has fought back on
both prices and vehicle specifications against challenges
from Japan, hut a more enlightened approach from Govments in the US car market
also provide backing for the ARMC's forecasts for develop-ments in the US car market also provide backing for the fears about deeper penetration of the market voiced increas-ingly by US industry chiefs this-year.

By 1990, cars of Japanese origin will account for 4.1m 4.3m units of a tolal new car market of 10.8m units, or 38-39.6 per cent, the report fore-

Some 2.8m of these would be direct imports, the others produced either by Japanese manufacturers themselves in the US or as joint ventures.

or as joint ventures.

These figures compare with 2.6m sales of Japanese origin cars expected this year in a total market of 10.6m, or 24,5 Mr Lee Iacocca, chairman of

ordination of financial support services.

"Without the creation of easier export credit insurances and long-term: finance at low rates, some corporate activity in Europe may be wasted."

The ARMC report provides support for similar measures advocated by Mr David Andrews, chairman of the UK's Leyland Vehicles group. Ha pointed out in evidence to a parliamentary select committee that export credits guarantee insurance had become impossible, or very difficult, to obtain in Third World markets which as recently as 1981 bad provided Leyland with annual business worth £150m.

Europe, with over-capacity in many truck and bus plants, has now become the most competitive marketplace in the world, Mr Lee Jacocca, enauman of Chrysler, has warned that when-components are taken into account, the US industry could find that it had "given away" over half the value of its sales by the end of the decade.

*International Automotive Research view, 2nd quarter 1985. Auto-motive Research and Management Consultants, Lynton House, 7-12 Taristock Square,

Geoffrey Lusty, managing direc-tor of Hydrodau. In addition, the company has

BY LORNE BARLING

tainers in which grass is grown for animal feed, has signed an

agreement with Nippon Light Metal of Japan for the systems to be mannfactured there.

The agreement follows in-creasing demand for the pro-duct in Japan and China and the need to avoid costly trans-

the need to avoid costly transport to the Far East.

It is estimated by the company that up to 50 of the Landsaver units will be sold each month by its newly appointed Japanese agent, the World Trade Corporation, which has sales rights for Japan, South Korea and the Soviet Union.

The units, which produce up to a tonne of grass a day, are being produced at Corby in the Midlands at the rate of around

Japanese in animal-feed

technology deal with UK

MYDRODAN, the CorbyNorthants-based company which
manufactures hydroponic containers in which grass is grown

The Corbyalmost entirely to countries where the climate creates the need for allernative animal

Danes in attack on Norwegian 'protection'

AN ATTACK on what is seen as Norwegian protectionism in the North Sea has been made hy the head of the A. P. Moller shipping oil and industrial husiness, Mr Maersk Mc-Kinney Moller, in the group's in-bouse

magazine.

APM exploits oil and gas in the Danish sector of the North Sea and is one of the world's higgest private shipping companies.

higgest private shipping companies.

Although APM has had 29 ships built at Norweglan yards and has placed other major orders in Norway, he said, "if any of our supply ships—even Norwegian-built seek work for a longer—period in the Norwegian area, it is always impossible. In the end the hushess "always goes to a Norwegian ship."

Norwegian rigs operate in the Banish sector, but "if we seek employment for Danish rigs, they always quielly let us know that it would be best to find a Norwegians have participated in major installation

ticipated in major installation work in the Danish sector, Odense shipyard (owned by APM) cannot even get hold of the material for tendering for Norwegian modules," he

APM bad always bad good relations with Norway, as had Denmark itself. "But the cup has become hitter."

TV picture decision nears

need for alternative animal feeding methods.

Production in Japan, which will include some UK-made parts, will begin next May, and most will be sold in the domestic market, according to Mr Geoffrey Lusty, managing direction television (HDTV), offering much sharper pictures with the proportions of cinema screens, has moved a step closer, Raymond Snoddy writes.

Delegates from more than 50 countries and broadcast.

Geoffrey Lusty, managing director of Hydrodau.

In addition; the company has delivered a number of units to a \$45m dalry project in central h China, and a total of \$2m d (£1.4m) has been designated for the purchase of landsavers, Mr s Lusty said.

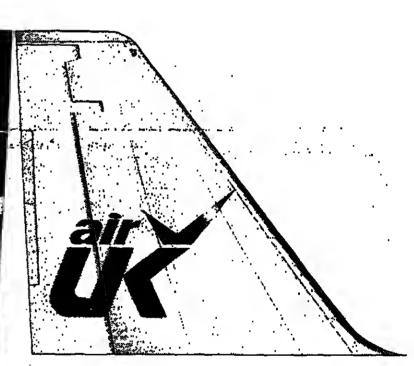
The Middle East has also become a major market and we are looking at two separate proposals for the assembly of landsavers in Egypt to meet this demand."

organisations unanimously adopted a proposal for a single HDTV standard for studio production and international programme exchange in Geneva last week.

The proposal will go before the plenary session of the International Radio Consultative Committee (CCIR) next May for final decision.

The new proposed standard uses 1125 lines, nearly double the present number in a TV set.





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PROTES FROM ABERDEEN, AMSTERDAM, BELFAST, BRUSSELS, COPENHAGEN, EDINBURCH, ESBJERG, EXETER, GLASCOM, GUERNSEY, HUMBERSIDE. JERSEY, LEEDS/BRADFORD, LONDON HEATHROW, LONDON STANSTED, NEWCASTLE, NORWICH, PARIS, SOUTHAMPTON, STANANGER, TEESSIDE

The Account

Fresh challenge to Pretoria's censorship laws

BY ANTHONY ROBINSON IN JOHANNESBURG

regulations which curb its domestic Press when a prominent daily newspaper published an interview with Mr Oliver Tambo, leader of the banned African National Congress

The interview was conducted in London by Mr Anthony Heard, editor of the Cape Times, who last night defended his decision. He had decided to publish the interview, be said,
"as our contribution to the peace process on a major matter of public importance." The domestic challenge to the Government follows the introduction over the weekend of wide ranging measures which

restrict foreign media coverage of violence in South Africa's

black townships. In a wide ranging interview,
Mr Tambo downplayed the
influence of the Communist
Party on the ANC, called on
whites to join in the struggle
for a non-racial future and also outlined plans for a mixed economy and pledged not to take violence to soft targets like bars, cinemas and supermarkets. The interview is the latest in a series of meetings and interviews between the ANC and

THE South African Government Africa is allowed to know what yesterday faced an unprehe says. Without hearing his cedented challenge to the strict viewa nobody here can know views nobody here can know what is going on. My declaion to publish was influenced by the moderate nature of the man and his views," Mr Heard aaid.

> "We hope our white compatriots wilt tearn to understand that we see them as fellow South Africans rather than whites in the first instance. tet us move away from these distinctions of whites and non-whites. . . Let us see one another as fellow cinens," be

Meanwhile stringent bait conditions imposed on the Rev Altan Boesak, the coloured theologian and patron of the United Democratic From (UDF), were substantially retaxed by a provincial Cape court resterday.

overtbrown in a military coup.

that are being held in Nairobi were temporarity adjourned

last Thursday so that an eight-

The fourth round of the talks

Rebel move may endanger settlement in Uganda

UGANDA'S national resistance president Dr Mitton Obote was army leader Mr Yoweri Museveni yesterday announced in Nairobi that his dissident movement had established an interim administration in rebelheld areas in Uganda.

man committee drawn from the Government and NRA negotiat-The statement was viewed as a show of muscle that could further endanger the oucome of talks between the Ugandan Government and NRA. The two sides have been conducting sporadic negotiations since late August, a month after former

In the course of the interview Mr Tambo was asked to give a reassurance to white South Africans about their future. They are as good as blacks. In fact let us say they are Africaus.

Mcanwhile stringent bait

Dr Boesak was arrested on August 26 prior to the planned march on Pollsmoor prison in support of Mr Nelson Mandela, the jailed African nationat congress leader, but granted bail a month tater on strict conditions

South African business, political and media representatives which bas angered the Government.

"tt is absurd. Everybody has seen bim but no one in South and the seen bim but no one in South the seen th

The commission added that there were some encouraging economic signs pointing to continued recovery, but also areas of concern.

It said Australia's unemployment rate was still very high (8.2 per cent), as were real interest rates.

There will be increasing business failures and rising unemployment if there is an

unemployment if there is an average settlement of 15 per

higher productivity.

Australian wages increased

by 3.8%

By Michael Thompson-Notin Melbourne

AUSTRALIAN workers were yesterday granted a 3.8 per cent national wago increase for the six months to June

Announcing its decision, the Conciliation and Arbitration Commission said the centralised wage-fixing system introduced by Mr Bob Hawke's Labor Government in September 1983, bad assisted the promotion of "greater price and industrial stability as well as economic recovery." well as economic recovery."
Wage rises indexed to the

consumer price Index are the key feature of the pay accord between the Government and

unions.
Ysterday's 3.8 per cent increase covered CPI increases of 1.4 per cent and 2.4 per cont in the March and June quarters this year. The pay accord was recently renegotiated for a

recently renegotiated for a further two years.

The latest pay claim was vigorously opposed by employer groups, as well as the Australian Mines and Metals Association and the National Farmers' Federation.

tion.

They argued that Australia could not afford fully indexed wage settlements if it was to recomp lost competitiveness, and claimed that the Arbitration Commission was being used to rubber stamp wage-fixing arrangements.

"These are very strong words, and they are not warranted," said the commission.

zerage settlement of 15 per cent in the current New Zealand wage round, Mr Roger Douglas, Finance Mini-ster said yesterday Reuter reports from Wellington.

Mr Douglas told a Labour Party meeting in Anckland some husiness sectors could not afford such increases and there was no evidence higher wages could be matched by higher productivity.

Arafat visits Cairo for crucial peace talks

For the independent of the property of the pro

BY TONY WALKER IN CAIRO

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation (PLO), arrived in Cairo yesterday for a crucial visit aimed at advocate of pan-Arabism, rerevitatising tinks between Egypt and the PLO at a time when Cairo appears to be playing an increasing role in regional affairs.

Middle East.

Mr Osami at-Baz, Egyptian President Hosni Mubarak's political adviser ond a strong advocate of pan-Arabism, recently visited both Algeria and Tunisia.

A senior Egyptian official said yesterday that the recent visits to Cairo by Arab envoys affairs.
Mr Arafat's visit follows

Mr Arafat's visit follows closely those of a number of bigh level Arab envoys from Tunis. Iroq, Jordan and most significantly from once-mititant Algeria which has been moving away from rejectionist front to states ted by Syria and Libya.

Mr Chadli Benjedi, the Algeria has been among the most vociferous critics of the Camp David accords for peace in the week in Egypt's semi-official has been among the most vociferous critics of the Camp David accords for peace in the were part of a growing recognition of the contribution of the councils. But the official annioned against expecting these contacts to lead quickly which be subject of Egypt's continued exclusion would be settled.

On the eve of Mr Arafat's visit, Mr Adnan Abu Odeh, Minister of the Jordanian Royal Hussein's personal adviser, briefed officials here on discussions here.

A senior Eryptian official said yesterday that the recent visits to Cairo by Arab envoys wisits to Cairo by Arab envoys were part of a growing recognition of the contribution Egypt could make in regional councils. But the official cantioned against expecting these contacts to lead quickly to an Arab League summit at which the subject of Egypt's continued evolution would be

one year ago, co-ordinated their diplomatic efforts. Both have an interest in ensuring more responsible bebottour on the part of the PLO if the peace process is to advance.

President Muharak est certainty seek to impress on Mr Arafat the need to avoid clumsy guerrilla activities such as the hijacking by a PLO faction of the Italian cruise liner Achille Lauro.

King Hussein said in a US refersion interview at the weekend that if the PLO wanted to participate in the peace process, it would "have to determine what actions it will have 10 take to play that part, and I am expecting some answers."

Jordan ond Egypt have, PLO over the Achille Lauro stace the start of the latest affair and the damage caused to peace initiative taunched about the peace efforts.

Egyptian and PLO officials are now saying that differences arising from the ship's huacking hove been smoothed over, and that in part they were caused by "misunderstandings."

Both sides agree that Mr
Arafat's visit is a significant
event, bis first futtscate diptomatic mission to Cairo since
1977, shortly before late
Egyptian President Anwar
Sadat went to Jerusalem to
make peace with Israel. The visit has important impli-

The visit has important imprecations for Egypt, whose policy since the death of Mr Sadat has been to rebuild bridges to the Arab world. A warming of PLO-Egyptan relations would betp in this process.

Both the Jordanians and the Egyptians were furtous at the arrival with a longh speech de-

nouncing US and Israeli attempts to exclude the PLO from direct participation in the peace process.

Both the US ond Israel have been urging King Hussein to engage in direct negotiations over the future of the Israelt-occupied West Bank and the Gazz Strip without the participation of the PLO. The King has made clear that he was not prepared to follow such a course.

Mr Arafat's talks with Mr Mubarak will be their second public meeting since the PLD charman's ouster from the nor-thern Lebanese city of Tripoli in late 1983.

Their discussions this week Their discussions this week, could mark a watershed in Ecypt-PLO relations. PLO officials are saying that they want Cuiro to play a more active role in seeking a settlement of the Arab-Israeli dispute.

South Korean

By Steven B. Butler in Secul

police storm

US offices

Bhutto launches scathing attack on Zia

BY JOHN ELLIOTT IN ISLAMABAD

months' house arrest to travel Shahnawaz.

Speaking at a time when spent 34 mouths under house President Zia is cautiously pre- arrest in Karachi before being paring to lift martial law of the released to go to Europe for

Between 1982 and 1984 she paring to lift martial law of the released to go to Europe for end of next month, she attacked medical treatment. Yesterday, the "impotency" of the new escorted by 25 potice vans, she political system that is being travelted from her house to the developed to replace martial local airport and left for France taw and she challenged the where she is to appear to-morrow in froot of magistrates in an open election.

A BLISTERING attack on figure. She was placed under Pakistan's military regime of bouse arrest in Karachi on Pakistan's military regime of bouse arrest in Karachi on President Zia ul Haq was Angust 29 for indulging in Boutto, who feared another will be published.

Benazir Bhutto, daughter of the activities shortly after she had country's late Prime Minister. returned to Pakistan from exile when she was reteased from two in the UK to bury her brother, months' house arrest to travel Shahnawaz.

In the French courts has served ing bow politicat parties, at the interest of both Miss present banned, are to operate blutto, who feared another will be published.

President Zia is known to be and wanted to continue her returned to Pakistan from exile political activities in exite, and of the People's Party returning months' house arrest to travel Shahnawaz. remove an image of military repression from Karachi which

Detaited negotiations are in progress between the President and an elected but non-party Notional Assembly about the form of the country's new political system. The President has been forced to make some morrow in 1100t of magistrates in an open election.

Miss Boutto, aged 32, is acting the death of Shabing chairman of the banned circumstances in the South of Pakistan People's Party and is France in July.

The request for her presence in a potentially major opposition

morrow in 1100t of magistrates in as ocen forced to make some investigating the death of Shabine recently to a Bill exonerating in protests that will build up if President and protection.

Later this week a Bill describ-system into next year.

is Pakistan's commercial capi-

to power. In her statement yesterday Miss Boutto said the mittary regime was "obsessed with Bhutto phobia."

She said she wanted to return to Pakistan, whatever the consequences, in three months' time. This suggests that she intends to be back either to take part in political activities after mittary rule is tified, or to play a teading role in protests that will probably build up if President Zia tried to continue the present political

SOUTH KOREAN police stormed into the American Chamber of Commerce in Scont yesterday, ending an occupation by student demonstrators. Police arrested 14 students and freed three Korean employees who had been held hostage for severat hours.
The students were protesting

The students were protesting against US pressure to open South Korea's market and calted for an end to "economic subjugation" by the US. The students also demanded the resignation of Mr Chun Doo-Hwan, the South Korean Fresh

dent.
The incident comes as clashes between students and police bave grown increasingly violent. At least 1,500 students from Scout National University attacked police with petrol bombs for two days tast week. occupying the university tib-

rary and smashing windows Yesterday hundreds of police in riot gear held down positions of the gates to Yonsei University, searching nil students entering the campus in an attempt to prevent further antigovernment demonstrations.
Student demonstrations have lately acquired an increasingly anti-American tone as US trade pressure of South Korea has escalated. Many students also blame the US for what they say is a lack of democracy in South

India and China renew talks on border BY K. K. SHARMA IN NEW DELHI INDIA AND China began talks in New Delhi yesterday on the vexed question of their mutual

boundary. However there is little hope that this will lead to a solution of a problem that has soured Sino-Indian relations since the 1962 border war.

This is the sixth time that teams from the two countries

tive discussions" boundary will take place. If these fail, it is expected the subject will be taken up at a higher political level.

Mr Rajiv Gandhi, India's Prime Minister, met Zhao Ziyang, the Chinese Premier, in New York when both went that what are called "substan- United Nations, After the meet- northern Kashmir that has been

ing, Mr Gandhi said both felt under Chinese army occupation the border Issue was "not insurmountable,"

For India the main hurdle in settling the border issue is the Chinese "package" proposal which amounts to recognition of the status quo. India feels this would mean ceding to China have met in about four years, there last month for the 40th would mean ceding to China slons on each sector in the basis atthough it will be the first time anoiversary celebrations of the nearly 14,000 square miles of geographical and historical

since the 1962 war. In return China has offered to withdraw elaims to the north-eastern Indian state of Arunachal, India thinks this is no concession since Arunachal Is already an integral part of the

India would prefer discus-

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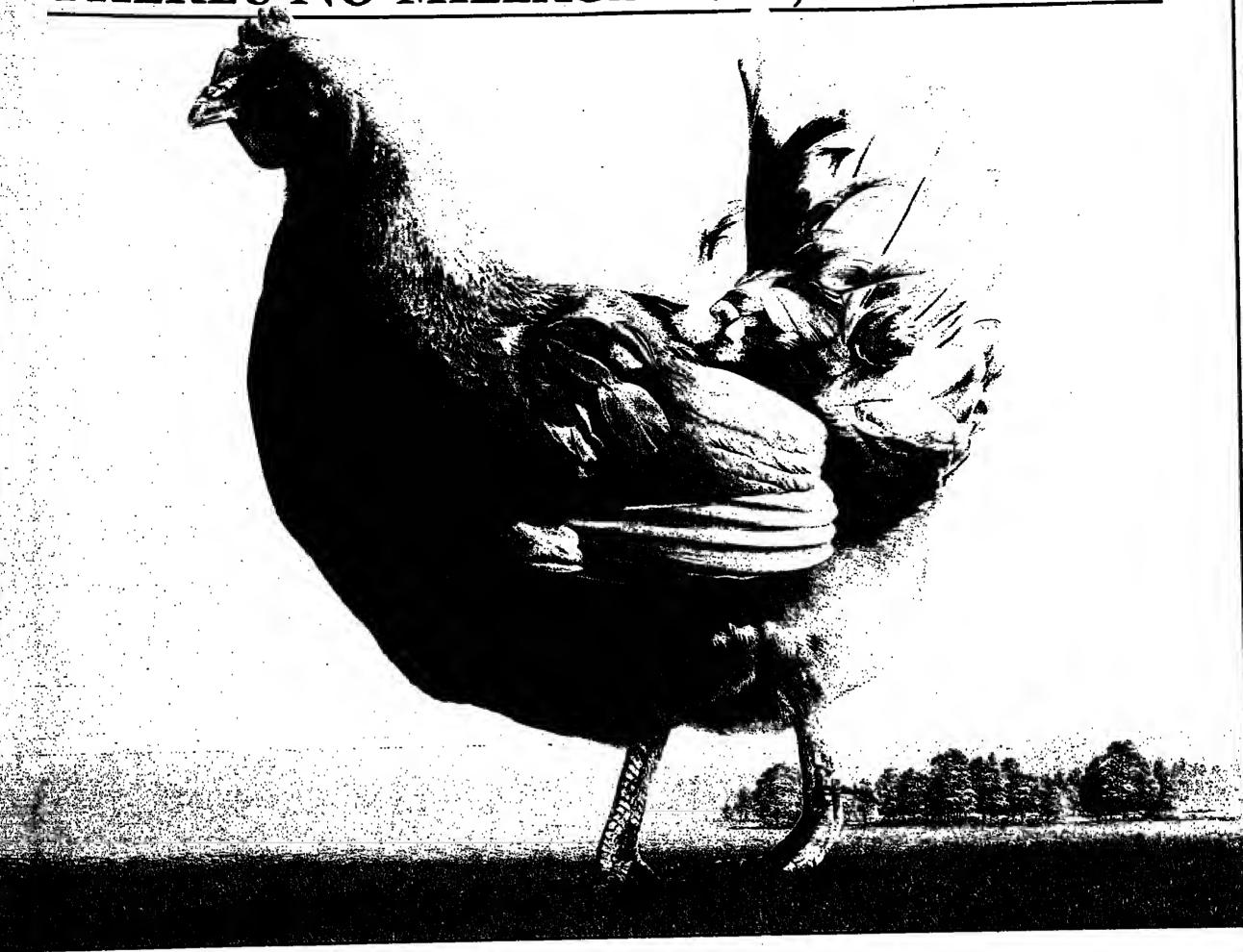
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ELECTRICITY TALKS THE LANGUAGE OF INDUSTRY.

THERE'S NO MILEAGE IN IT, HENRIETTA.



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Market Cheque Account.

radiator grills become smaller, and engines become hotter.

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Not that we've totally turned up our noses at new alternative fuels. We're experimenting with methanol from natural gas and alcohol blended with hydrocarbons.

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If we rely on her for the fuel of the future, we might well put our foot in it.

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AFRI

Reagan moves to allay Soviet fears on SDI

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

until offensive nuclear weapons are "eliminated." It was the farthest he has yet gone in reassuring the Soviet Union that the Space Defeoce Inilia-tive is not meant to give the US a nuclear "first strike"

The undertaking was more specific than any of Mr Reagan's previous comments on his vision of moving both soperpowers from offensive to defensive strategies. It came in his first interview with a group of Soviet journalists, the full text of which was released by the White House as excerpts appeared in the Soviet Press

yesterday.

Mr Reagan's lengthy interview was published as US officials continued to give more details of the latest US arms control proposals, tabled in Geneva at the end of last week. They include a ban on all mobile intercontinental ballistic nissiles such as the planned US

With only two weeks to go before the Geneva summit hetween Mr Reagan and Mr Mikhail Gorbachev, the Soviet leader, the Administration is making e big effort both to purvey a geoeral air of reasonableness and to stress the merits of its detailed positions

on arms control. Mr Reagan repeated his offer to make Star Wars technology available to other countries, including the Soviet Union, if available to other countries, of per cent circles including the Soviet Union, if research showed that a defensive system was technically possible. In addition, be seemed to be suggesting that both Moscow and Washington should renounce any intention the figure while not agreeing of seeking a monopoly of such weapons, to prevent one side gaining a strategie advantage mastering the technology

Reagan acknowledged Soviet concern that the develop-ment of a defensive system, coupled with offensive weapons, could put a country in a position "where they might be more likely to dare a first white this was higher than the strike." He pointed ont, however, that this would apply equally to the Soviet Union, compromise at 3,000.

PRESIDENT Ronald Reagan The US would not try to has ptedged not to deptoy any monopolise the technology to new space defence weapons gain first strike capability. Mr under his Star Wars programme Reagan said. Moreover, "we

Reagan satd. Moreover, "we won't put this weapon—or this system in pleee, this defensive system, until we do away with our nuctear missiles, our offensive missiles."

Previously Mr Reagan has said simply that the transition from offensive to defensive systems would be a matter for negotiation before eny US deptoyment. He has not spelied out that nuclear weapons should be eliminated first—elthough it was not totally cleer from his text whether seen. Most observers would agree with both judgments. Since his overwhelming victory in the race for the Democratic nomination, Mayor Koch has coasted through his campaign, making sure, as he always does, that he remains visible and that he is seen talking to the right people.

Mr Koch is not expected to pull in quite as many votes this yeer as he did four years ago wheo he won his secood term of office. He was backed at that time by the Republicans as well elthough it was not totally cleer from his text whether deployment could start once it had heen egreed to eliminate nuclear weapons, but before

their dismantling had been completed.

US officials, meanwhile, said that they saw four "noggets" in Moscow's latest erms control proposals, to which the US bad tried to respond in its offer of

They said that in addition they said that in addition to the proposed ban on mobile ICBMs, which would include two Soviet missiles, the SS-24 and the SS-25, as well as the Midgetman, the US was also proposing a ban on new "heavy" missiles such as the Soviet SS-18.

According to a New York Times account of a briefing by US officials accompanying Mr George Shultz, the Secretary of State, to Moscow, the four "nuggets" were as follows:

• The Soviet proposal for a 50 per cent cut in strategic the figure while not agreeing what it should include.

• The implied Soviet offer to negotiate e separate agreement on intermediate range missiles, on which th US is proposing a limit of 140 on each side's

laimchers.

The Soviet proposal to allow no more than 3,600 land-based long-range ballistic missiles. While this was higher than the

Koch set to coast through to third term

APATHY, said New York city Mayor, Ed Koch, as he wound up his re-election campaign, was now his number one opponent. Another candidate for more lowly office in today's polls for all kinds of public office described the elections as the most routine he had ever seen. Most observers would agree with both judgments.

or office. He was backed at that time by the Republicans as well as his own Democratic Party, but the Repoblicans have their own candidete todey in Mrs Diane McGarth.

Mrs McGrath has suffered from a campaign marred by internal differences within the Republican ranks, but even without this setback she has stood very little chance of making much of e dent on the mayor's formidable electoral

About two-thirds of registered New York City voters are Demo-erats, and Mr Koch is excep-tionally well funded — he speot around \$4.5m (£3.2m) on the nomination campaign alone . to say nothing of enjoying the enthusiastic support of Mr Rupert Murdoch, the Australianborn publisher, and his New York Post.

The third candidate, Miss Carol Bellamy, stood against Mayor Koch in the Democratic primaries, and is expected to split the vote to some exteot by picking up support from the more liberal wing of the party. The mayor already appears to be looking for his place in the history books. Known up to now as the man who saved New York City from bankruptcy, and as an enormously effective publicist for the city, he is aware that he may well be finally judged by his ability to

coverty lives side hy side with immense wealth. He has promised to tackle the mounting problems of housing for the poor, public transport and education. Today he is ex-pected to receive the mandate

tackle the burgeoning social problems io a community where

The ruling party has increased its parliamentary majority. Jimmy Burns reports Argentina shows satisfaction with democracy

"AS IF by magic, the night-mare of bombs and the threat of a coup have receded over-night."

Nothing perhaps better sums up the public mood in Argentina following Sunday's mid-term etection result than this comment by the Peronist candidate Carlos Grosso.

candidate Carlos Grosso.

However many the unresolved conspirecy theories that provided the immediate backdrop to the final vote, the Congressional poll confirms that the lerge majority of Argentines are finally resolved to treat democracy as more than just a transitory experience. a transitory experience. Historically mid-term elec-tions have marked the hegin-

ning of the end for democratic governments here. Twenty years ago the radical government of President Artoro Iliya failed the two year test of its popularity and was subsequently toppled in a military conp.
On Sunday night over 84 per cent of the electorate voted, as many as in the presidential elections of October 1983 and in the Besgle Channel Refer-

endum last year.

As before, the main credit for keeping democratic participation alive must go to President Raul Alfonsin whose ruling Redical Party increased its par-liamentary majority. With 69 per cent of the vote counted early yesterday, the Radicals had won 44 per cent against 25 test of t per cent taken by the main ment the opposition party, the Peronists. between Founded by the late Geogral torship.



Alfonsin: gamble

Juao Peron, the Peronist party has been deeply divided since its defeat in the 1983 presi-dential election. dential election.

The early stages of the midterm election campaign were
lethargic. Rallies were poorly
etteoded and most Argentines
remained unimpressed with
parliamentary politics. Only
when the Radicals brought Mr
Alfonsin into the arena did the
nulse of political life ravive.

pulse of political life revive. The election reached its climax when Mr Alfonsin made a last-minute nationwide speech during which Sunday's poll was presented dramatically less as a test of the two-year-old govern-ment than as a stark choice between democracy and dictaUS Federal Reserve Board chairman Mr Paul Volcker, Nobel economics laureate Mr Franco Modigiani and Har-vard University economist Mr John Kenneth Galbraith will visit Argentina this month to study the country's anti-inflation programme, Mr Dante Caputo, Argentine Foreign Minister, said, Reuter reports from Buenos

Mr Caputo said it is still too early to say whether Mr Volcker's trip could lead to a foan under a plan announced by Mr James Baker, US Treasury Secre-tary, in October.

The opposition has yet to be fully convinced of the threat posed by the alleged plotters in the military. But Mr Alfonsin took a major gamble nevertheless: a far closer result on Sunday and a hung parliament would bave left the presidency exposed to attack from the

military.
The Radicals have increased their share of the vote in meny regions previously controlled by the opposition. But the final vote looks set to fall short of the landslide predicted by some opinion polls. The ruling party looks unlikely to increase substantially its presence in the Upper House or Senate where it is in the minority, and in the key electoral district of Buenos

Aires the Radical number of deputies was diminished because of good results obtained by the Renovadores — the renewal fection of the Peronists.

On balance, however, Argentine democracy has emerged reinforced from Sunday's result. The Radicals have not shown themselves to be particularly megnanimous during their first two years in government and hed they crushed the opposition on Sunday President Alfonsin would hove found himand ned they crushed the opposition on Sunday President Alfonsin would hove found blm-self under pressure to push ahead with his plans for a historic "third movement." This would effectively brush aside parliamentary rule in favour of a populist presidency similar to Peron's and with its nearest contemporary equivalent in Mexico's ruling PRI.

Instead, there is room for consensus politics. The Recovadores, who have a substantial presence in Parliament and in the Labouv movement, represect a clean break with their party's authoritarian past.

party's authoritarian past.
While recognising that Mr Alfonsin with his charisma and

broad social appeal reolains an important guarantor of demo-eracy, the Renovadores have freed themselves from the gbost of their founder, the late General Juan Peron in favour of a more effective and respon-

tinguishable from the policies of the Radicals.
The Recovadores have critithe Recovators have criticised the recession provoked by recent austerity measures but they privately accept that by drastleatly reducing the rate of inflation the Government has prepared the groundwork for a more vieble prices and theomes

The new Peronists have not agreed with the Left's call for a moratorium on the \$48bn (£34.3bn) foreign debt but are likely to relatoree the Government's detormination to get more flexible conditions from

more flexible conditions from the country's creditors as a way of ensuring that future obligations are not met at the expense of economic growth.

For the military, the message of Sunday's vote should be clear. The days in which Argentina rallied around the armed forces as the best insurance of the control of the contro forces as the best insurance against political violence belong to the past.

Nevertheless. expected to make the armed forces as much as Parliament a key participant in the next stage of national reconciliation. His insistence last week in the was only individuals and not the institution of the armed forces in the dock, was a veiled message to the Left that the country cannot afford a witch-Their campaign with its commitment to a moderate economic programme and its social democratic approach to politics has been almost indisponsible. Sunday's elections are a significant step in the right direction but Mr Alfonsin knows

Guatemala Christian Democrats take early lead in poll

BY DAVID GARDNER IN GUATEMALA CITY

GUATEMALA'S Democrats bave taken a commanding lead in Sunday's general elections bere designed to end 30 years of military or extreme right wing rule. With a third of the vote in.

with a third of the vote in.

the centre right Christian the pouring in of American
Democrats, led by Mr Vinicio
Gerezo, a 42-year-old lawyer,
bave a 19-point lead on their
nearest rivals, the National have fractionally under 40 per
Union of the Centre (UCN), coot of the votes against 21
headed by Mr Jorge Carpio, a
per cent for the UCN, trailed by right wing newspaper pub-lisher. The size of Mr Cerezo's leaf

makes it virtually certain that

the Christian Democrats will win the second round of voting on November 8 hetween the two front runners. An overall majority would beve been required for ootright victory in the first round.

Democratic Socialist Party, who was virtually eclipsed by the evidence, that he can regroup fifth yea

The Christian Democrat vic. returned from exile six months. Christian Democrat performs the right by next month growth.

Christian tory opens up the possibility ago to fight a courageous but ance. It suffered the defection through playing on their fear of significant US aid for shoestring cempaign despite of a large part of its traditional Christian Democrat reformism.

Sunday's Guatemala in the same way backing from the Socialist Inconstituency—the landed ollegisted that the victories of President ternational, polled around 6 per garchy, industry and the financial continuation. The far right detestation of Mr Carpio's two year old party, industry and the financial continuation. Jose Napoleon Duarte, the Christian Democrat president of El Salvador, have facilitated the pouring in of American finance to head off the guerrilla threat there.

the right wing National Co-operation Party of Mr Jorge Serrano, an evangelical lay preacher who headed the advisory Council of State under the Christian dictator, General Efrain Rios Montt, who was overthrown in 1983.

Mr Mario Solorzano of the

ing violence and intimidation here, this is a remarkable perstrong support io towns like Solola, in the Mayan Indian highlands, which bave suffered the hrunt of a savage 25-year counter-insurgency campaign against left wing guerrillas which bave left an estimated 100,000 dead.

The hadly split far right, which has underpinned 18 military governments since the reformist experiment of President President Garcla's, and because Jacobo Arbenz was ended in of Mr Carpio's driving ambition, immediately to introduce an 1954 by a US Central Intelli- Mr Carpio, furthermore, emergency programme for an Agency-organised coup,

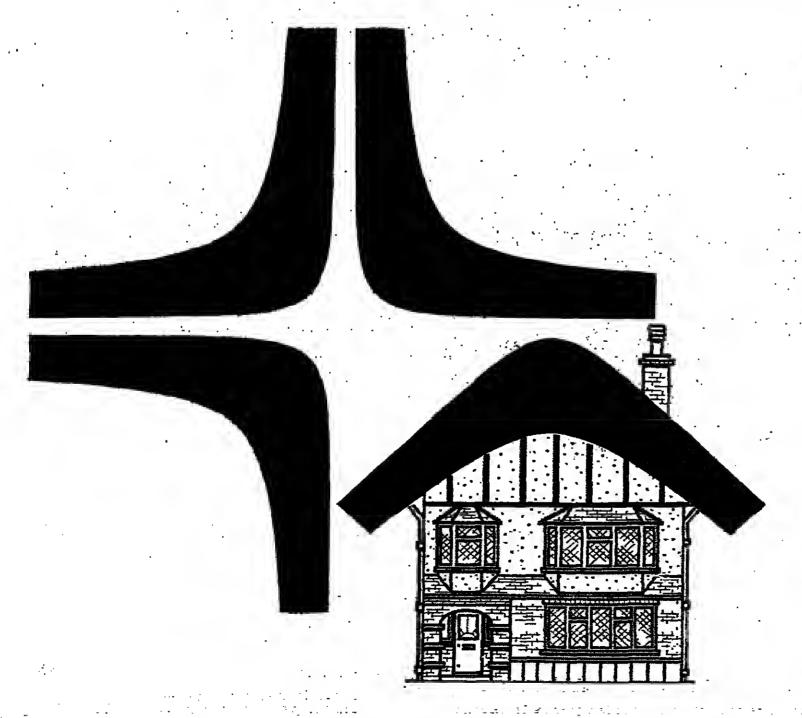
leader without a second round, as the left did with President Alan Garcia io Peru's general election carlier this year. This is thought unlikely, both be-cause the size of Mr Cerezo's lead is smaler than was helieves, against most of the evidence, that he can regroup

erate options offered by Mr Carpio and, in particular, Mr

Mr Carpio's two year old party, its lavish finance, gimmleky tactics and anodyne politics, There was speculation here yesterday of a "Peruvian solution," whereby the runner-up conceded to the first round

Mr Cedezo has already begun to behave like a president and has said he will start corly on forming a government. In the be announced his priorilies as being to put an end to the violence endemic here and fifth year of falling per capita

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Japanese pension fund sets foreign bankers buzzing

JAPAN'S LARGEST potential investor in overseas bonds and securities keeps two out of every three lights in its corrievery three lights in its corri-dors dark for reasons of eco-nomy. Still, with \$4bn already invested overseas and at least another \$8bn available, the Post Office Life Insurance Bureau is surely worth groping down a hallway to find.

Any investment banker worth Any investment banker worth his pin-stripes has already made the trip. The Fund Management Division of Post Office Life, itself a division of the Ministry of Posts and Telecommunications, looks after total invested assets of Y27.000bn, more than hatf the total amount of assets of all Japan's private life insurance companies combined.

Ten per cent of those assets can be invested abroad: so far the people at Fund Management have sent only 3.2 per cent overseas. Total funds bave nearly doubled in the past five years and are still growing at

a healthy clip.
Who are the people behind who are the people bening this huge amount of money, and how do they make their decisions? Where do they play golf and what do they eat for hreakfast? These are the questions that foreign bankers ask each other arrivers as they will for other anxiously as they vic for the favour of the Fund Manage-ment Division. The business of serving Japan's huge capitat outflows is big business itself. It is also an increasingly com-It is also an increasingly competitive one as more foreign
bankers pour into Japan with
the goal of helping the Japanese send their money out.
Mr Shiguenobu Tatsuzawa,
43, deputy director in charge
of the international investment

section of Fund Management, waves away the smoke from a Japanese-made cigarette, and smites at questions about how decisions are made in his office. The smile is partly out of embarrassment. Like so many

Japanese civil servants, Mr
Tatsuzawa has held his current
joh only a few months. Earlier
this year he was a top official
in the MPT's Broadcasting
Regulatory Agency. In his
career with the Ministry, he
has held eight or 10 different
jobs he save

jobs, he says.

After a few moments, however, his embarrassment dis-appears. "It doesn't matter if an individual is new, We work here on an organisation to organisation basis," he says. In other words, relationships between financial institutions and

tween financial institutions and the department, he says, go on despite personnel change.

As to foreign investment, he says the division is in the process of calculating when, how and whether it should increase its overseas holdings to 10 per cent of total assets.

"The interest rates (abranch assets). "The interest rates (abroad) are still high," he says with a smile, "So it's still worth increasing, but we are working on our plan."

The division has already built up over time, that is what plumped for foreign invest- we think is important."

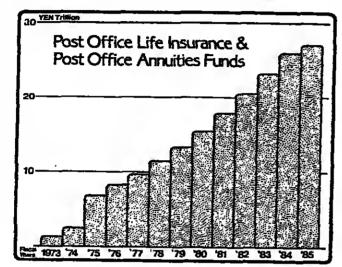
ments as diverse as Oslo and Vienna Municipal bonds. Canadian, Sweden and Danish government bonds and, of course, U.S. treasury bonds. How is his information on overseas investments withered?

overseas investments gathered? Newspapers, securities companies' research and an in-dependent research institute based in New York called Postal hased in New York called Postal Services and Financial Research, he says. Why invest in Sweden? "It was a consensus decision." he says.

Decision-making, he said, is done according to the basic stance that Investments are for buying and holding until maturity. "That is our policy now, but It may change," he

now, but It may change," he

What advice would be give foreigners seeking to do business with his department? The word "advice" does not translate In Japanese, and the English word is inserted into the Japanese. "Basically, it is the confidence of the seeking to do the seeking the seeking the seeking the seeking to do the seeking to do business with the seeking the seeking to do business with the seeking the seeki the confidence in each other



Air Jamaica heads for brighter skies

BY CANUTE JAMES IN KINGSTON

It will be some time, how-ever, before Air Jamaica wipes ont losses of U.S.\$37m accomulated since it started opera-tions more than 16 years ago.

Most of the airline's fleet of four Boeing 727s and two Airbus A-300s operate on routes between U.S. cities and Jamaica,

The four 727s were subject to a sale and lease-back arrangement earlier this year with Guinness Peat Aviation, and which netted the carrier U.S.\$25m.

"There was a 1 per cent 651.9m in the first eight months of this year."

January to August last year," by the South American of Cavanagh reported.

Mr Cavanagh reported.
"Despite this, Air Jamaica's traffic on these routes increased to 66 per cent this year. In the first eight months of last year we had 53 per cent nf this market."

by a 7 per cent drop in the number of U.S. tourists visiting Jamaica, and a decline in Aero Peru passengers from travel by Jamaicans, who bave been deterred by increased fares following a cumulative 78

Air Jamaica has also bene-

A DECADE of continuous losses appears to be ending for state-owned Air Jamaica. The company has forecast an operational surplus of Jamaican \$455m (U.S.\$7.5m) this year, following a surplus of Jamaican \$25m last year.

Mr Bill Cavanagh, an Aer Lingus executive who is on secondment to Air Jamaica as vice president for marketing, said the airline's improved outlook is the result of a greater share of the market on routes between the island and the U.S. It will be some time, how a state of the market on routes are including Los Angeles, Tampa and Atlanta."

Melphia, Atlanta, Toromto, Haiti, Grand Cayman and Puerio Rico. Mr Cavanagh reported that the Miami-Jamaica route was the busiest for the company, despite a fall in volume between January and August of this year to 412,000 passengers against 400,000 in the corresponding period of last year. The volume on the New York route also declined, but marginally, "Mr Cavanagh said." There are indications of the company, despite a fall in volume between January and August of this year to 412,000 passengers against 400,000 in the corresponding period of last year.

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"The volume on the New York route also declined, but marginally," Mr Cavanagh reported that the Miami-Jamaica route was the busiest fo

strong growth from newer gate-ways, including Los Angeles, Tampa and Atlanta." Air Jamaica is expanding its fleet this month with the addition of another Boeing 727 on a one-year dry lease from

Ansett of Australia.

The airline is anticipating rolume of \$50,000 passengers this year, 103,000 more than last year. Load factor is expected for 1885 to be between 64 per cent and 65 per cent, against last year's 66 per cent.

The brighter financial ootlook is supported by an increase of 15 per cent in revene Ansett of Australia.

15 per cent in revenue passenger miles which totalled

fly the passengers

mr Cavanagh reported.

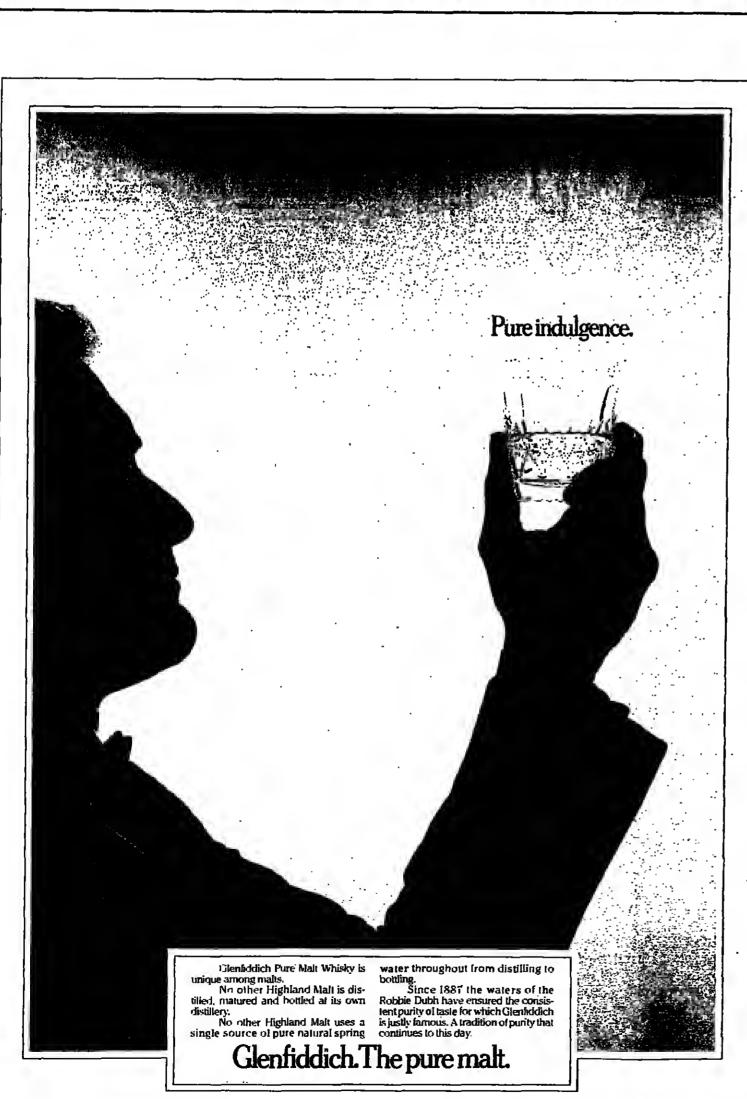
"Despite this, Air Jamaica's traffic on these routes increased to 66 per cent this year. In the first eight months of last year we had 53 per cent of this market."

The small growth in passenger volume was caused mainly to Miami.

"It is seed husiness for use the carrier's passengers from carrier's passengers passengers

fares following a cumulative 78
per cent devaluation of the Jamaica has also benefited from a comercial agreement with British Airways for the Jamaica-London route.

The airline files routes linking the island to Miami, Tampa, has brought the airline a 35 New York, Newark, Los per cent increase in revenue on Angeles, Baltimore, Phila-





A copy of this adverssement has been delivered for registration to the Registrar of Companies in London

Deutsche Bank Aktiengesellschaft

Rights Offer

Pursuant to the authority granted at the Ordinary General Meeting on 18th May, 1983 the Board of Managing Directors has resolved, with the consent of the Supervisory Board, tu increase the share capital by DM 117,000 000 to DM 1 5:28 763,450 through the issue of 2,340,000 new shares of DM 50 each tranking for dividend from 1st January, 1985) at an issue price of DM 450 per share of DM 50 per value.

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in the ratio of 1 for 15

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Frankfurt am Main, 5th November, 1985, The Board of Managing Directors



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UK NEWS

document says.

"Accounting conventions place

many types of investment in re-search and development, marketing

of innovation. The single most fre-quently given reason for the inade-

quate level of innovation is the lack

of understanding of the needs of in-dustry by the financial sector."

the way of innovative enterprise,

the document said. Other "negative social attitudes" included "a lack of

hope, drive or initiative, especially

and south, and rich and poor.

CBI sets out course for cut in jobless to 1m

BY NICK BUNKER

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TINEMPLOYMENT in Britain could be reduced to 1m by the year 2001, provided business and government tional conference, being held in target growth of 4 per cent in the develop a new consensus about their aims, the Confederation of They intend to use discussions of document suggests. British Industry (CBI), the UK em- the document as the basis for a fullployers' organisation, said yester-day after a survey among its 250,000 published next spring.

In a document called Change to Succeed - the Nationwide Findings, the CBI outlined members' views of major changes needed to end involuntary unemployment, which it called "a cancer feeding on society."

CBI members see low profits, in
The original paper included 138

CBI members see low profits, in-adequate investment in innovation and the infrastructure, an anti-business culture and unco-ordinated government policies as the prime obstacles to achieving a high-wage, high employment, high productivity

rector general, emphasised, however, that pay restraint was the first and most important thing if Britain was to become more competitive. He repeated calls for wage to "make the customer king", the settlements this year to be two per-centage points below the 1984 fig-ments quoted is a statement from ure, with a similar reduction in

Launching the document in London yesterday. Sir James Cleminson, the CBI president, said that it emerged from "the biggest consultation exercise ever undertaken" by the CBI.

goods or poor quanty at a light price."

Design and marketing skills both need to be improved if Britain is to regain the share of world markets it held in the 1960s, CBI members be-

CBI officials want it to be the lieve. Such a share is regarded as main background for the body's na- essential if Britain is to achieve a

CBI members have shown little enthusiasm for discussing a range of constitutional issues raised in the original Change to Succeed paper, circulated in January to the body's

questions for executives. Among them were queries on topics such as proportional representation, longer parliaments, and an enhanced role for the Lords, all advanced as possible means of securing more stable government policies. Members' replies, however, have focused on

re, with a similar reduction in the CBI eastern region that UK in-g86.
Launching the document in Longoods of poor quality at a high

Labour reaffirms key role of exchange controls

BY PHILIP STEPHENS, ECONOMIC'S CORRE

MR ROY HATTERSLEY, Labour's gross national product, which the leading economics spokesman, yes-terday reaffirmed the key role of Investment in innovation and exchange controls in preventing speculation against sterling disrupt-ing the plans of a future Labour quality improvements have been inhibited by low profits and the attitude of financial institutions, the Government to expand the econo-

Mr Hattersley, told a meeting in London last night that the City of London's needs could not take priority over the country as a whole if the Labour Party won the next general election. in the short-term may lead to inade-

His previously announced plans to withdraw tax concessions from quate investment in those areas.
"Many feel that there is a need to institutions with large overseas foreducate investors in the importance tfolios would be the centrepiece of such controls, he said. The exchange control scheme

would only be one element in a sterling policy aimed at ensuring that interest rates were held below the CBI members also saw a general dislike of commerce which stood in levels experienced under the present Government. The proposal had its counterparts

in many countries, including Japan ment, committed to a reduction of and France. It would "only change unemployment and the expansion the balance of incentives on a small of industry, will not have its mediamong the young," "rigidity of thinking," and polarisation between management and employees, north part of the City's transactions and will certainly not remove its free-dom to place investment abroad or "Exchange control will enable us dom to place investment abroad or attract foreign business."



sterling policy

The incoming Labour Governunemployment and the expansion of industry, will not have its medi-um-term objectives blown off

to maintain lower interest rates for Change to Succeed - the Nation—
Mr Hattersley made clear that a given exchange rate with benefitied Findings. CBI, Centre Point, 103 New Oxford Street, London avoid the sterling crises that plaWCIA 1DU. £7.50.

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Mirror group seeks **2,000** job cuts

up to 18 months if union agreement plans had not proved sufficiently to shed a third of the present 6,000 strong workforce is not secured by the end of the month, the group's told employees, Helen Hagne

Mr Maxwell has written to the giving them formal notice of dismissal and informing them that from December 1 the group's titles will be printed by the British Newspa per Printing Corporation (BNPC), a. I SOUTH AFRICA'S Urban Foun-subsidiary of his British Printing and Communications Corporation.

quirements" will be offered volun- faced "reform, repression or revolu-

ith the unions before the Novemadline: new arrangements for producing The Mirror, Sunday Mirror and the Sunday People at the group's Holborn Circus, Lon-

don, plant will be made. If new agreements are not struck, Mr Maxwell said that MGN would discontinue publishing its titles from the end of the year until spring 1987, when BNPC's colour printing plant or plants are scheduled to become operational. The likely venne is London's Docklands, and BNPC is already committed to spending £60m on new colour

Mr Maxwell threatened to end all production at Holborn Circus, just over two months ago, when he was in dispute with the print union the National Graphical Association. This led to the suspension of MGN titles for 12 days.

☐ LLOYDS BANK is to abandon its Retailer Card Plans which allow re- offer of 7 per cent. The musicians tailers to issue credit cards under want 10 per cent and improved their own names but with the fi- terms.

PUBLICATION of Mirror Group nance and administrative back-up Newspapers (MGN) will cease for of the bank. Lloyds said that the

popular to justify their costs.

Two engineering groups, Babcock International and Thorn EMI publisher, Mr Robert Maxwell has have become the second consortium to announce an interest in running the Rosyth naval dockyard in Fife. Scotland, which the Ministry of Deentire MGN workforce in London fence plans to hand over to private

and Communications Corporation.

Under the scheme, BNPC will engage the staff needed for "unbindered production" and 2,000 employees deemed to be "surplus to reployees deemed to be to reployees deemed to be "surplus to reployee

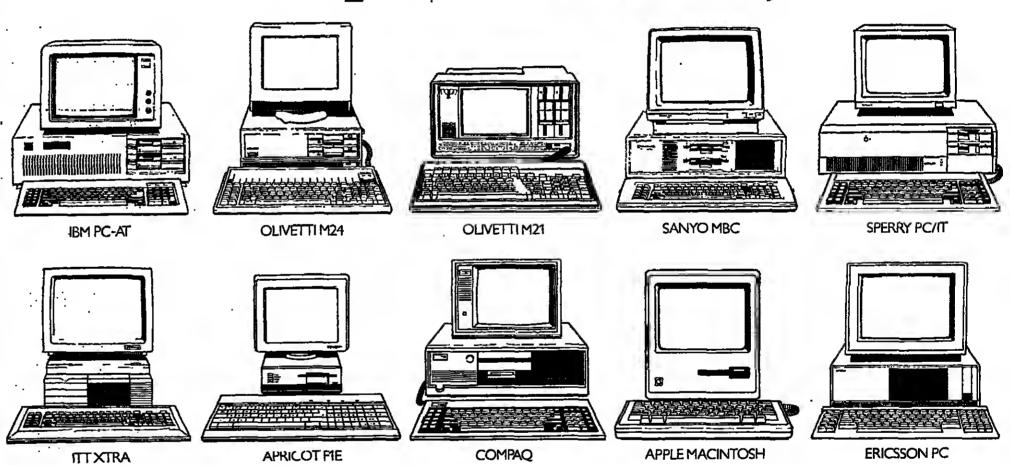
If satisfactory negotiations on I BEER PRODUCTION is likely to be down by about one per cent this year due "almost entirely" to the poor summer, says the Brewers Society, adding that there has been a ward trend in beer production

since the early 198 A TOTAL of 1,900 Scottish miners have contacted the Union of Democratic Miners about joining the organisation, which split with the National Union of Mineworkers after the coal strike which ended in March, says the UDM. Meanwhille Mr Neil Kinnock, the Labour lead er, said there was no question of the UDM affiliating to the party unless it was recognised by the Trades would oppose.

☐ The 120-strong orchestra at the Royal Opera House, Covent Garden, is refusing to carry out rehear-sals and may strike over a pay

This action arose after the musi cians rejected management's latest

If you have one of these in your office,



you've already bought the first part of your new AT&T 3B2 system.

Most computer salesmen are amazing optimists. They keep wanting to sell you office computer systems that are so advanced, you'll have to throw all your old stuff away. If you seem unwilling to part with equipment you know and love, they look down their noses. "That's the price of progress" they say.

AT&T announce a break-through. The 3B2 office computer. A system so advanced, you won't have to throw your old PC's away. They can carry on doing their jobs for ever, if you like. At the same time, they're already fully operational 3B2 ferminals.

The 3B2 is designed specifically for working groups of computer users: 3B2/300 for up to 18 terminals and 3B2/400 for up to 46. It costs around twice the price of an IBM' AT The clever thing is, that as the 3B2 is designed for multiple use, each user only needs a simple terminal - at half the price of a full-scale PC. On an IBM* system, each user needs another PC. Break-even point on costs comes at between 5 and 6 users.

By the time the IBM-er is up to 7 users, you can afford 10. Not counting the savings you've made by keeping your old PC's in action.

Here's another clever thing. On the IBM system, you'll need to buy software for each machine. Whereas with a 3B2, you need just one piece of software in the central box, for everyone to use. That saves money too.

And the cleverest thing of all: the 3B2 runs the UNIX' operating system. UNIX was originated by AT&T as a sophisticated office system that develops with no hitches from micros to mainframes. But unlike their rivals, AT&T offered the design freely to other manufacturers.

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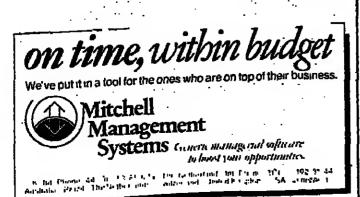
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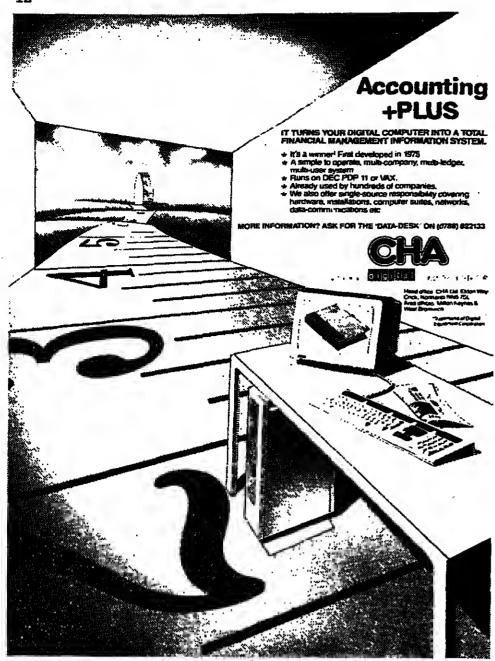
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Group to study investments exchange plan

will have to be members of the stock exchange in its capacity as a

self-regulatory body.

There is considerable unease

among several members that an-other exchange could be developed

successfully, while they are required to be members of the stock

standing entity within London's financial community. Mr Nissen has said the new body

will be a practitioners' panel and will act as a central point for ex-changing views.

Intasun

steps up

tour war

By Artisur Sandles and James McDonaid

BRITAIN'S travel agents - recov

ering from yesterday's rush for dis-

count offers from Thomson Holi-

days - were gearing up last night to handle another hig demand this

morning for a new offer oI 30,000 cheap family holidays from

Intasm's offer may not be the last in the package-holiday battle. Thomas Cook Holidays, the tour op-

erating arm of the travel agency, will unveil its plans today for next summer and may produce a few

People throughout Britain start-ed queueing from early morning, and some waited overnight, for the

Thomson offer of 1,000 one-week or

two-week holidays for £25 and £35

Within the first three minutes of

BY JOHN MOORE, CITY CORRESPONDENT

A PLANNED association of the 29 But some dealers in the remou-elled gilt-edged market are unhap-py about the systems the stock ex-change is evolving for disclosures of prices and trading information in the market. They feel those might prospective market makers who are to trade in the restructured British Government securities market is to study the implications of forming stment exchange.

The move follows growing awareness in the last few weeks by the damage their competitiveness.

In the next few weeks the new association will decide whether a new UK securities industry that the new developed outside the stock exchange. It is likely to prove a com-plex issue because the 29 dealers

or securities mattery that the new regulatory structure for London's fi-nancial community will permit "re-cognised" investment exchanges. In the new regulatory framework for the City the Securities and In-vestment Board (SIB) will be the main supervisory body.

The SIB will recognise self-regulatory bodies that will be able

to authorise companies to operate in the business. The SIB will also be able to recognise investment ex-The SIB will encourage all autho-

rised firms to channel their busi-ness through a suitable recognised exchange.
The Bank of England has so far

insisted that dealers in British Gov-ernment securities - the gilt-edged market - become members of the stock exchange for regulatory purposes. The stock exchange is seeking to become a recognised self-regulatory organisation and an in-vestment exchange.

WORLD TRADE NEWS

Dealing cost cuts 'could spur equities'

THE VOLUME of share dealings or the London Stock Exchange could increase sharply if dealing costs fall, a Bank of England discussion paper has suggested.
A reduction in dealing costs of I

per cent could increase the volume per cent could increase the volume of equity dealing by ground 70 per cent over a four-year period, ac-cording to the paper's authors, Mrs Patricia Jackson of the Bank of England and Mr Gus O'Donnell of the Transport exchange is desirable or could be

> A similar reduction could also increase share prices by around 10 per cent, the paper concludes, as

and, therefore, more attractive.

The paper's conclusions are hased on a study of the 1984 reduction in stamp duty - the tax levied on share dealings - from 2 per cent to 1 per cent. Most of the 70 per cent increase expected over four years has already been experiexchange for regulatory purposes.

Mr George Nissen, who will be chairman of the proposed association, has so far ruled out the possibility of its becoming a self-regulatory body in its own right, although the members are determined to ensure that it is a free-standing entity within London's enced, it says.

London Stock Exchange transact tion costs stood at 3% per cent before the 1984 stamp duty cut, com-pared with 1 per cent for the New York Stock Exchange or the Nasdeq Over-The-Counter market in the US, and with 1% per cent for the Tokyo Stock Exchange. Even alter the cut the London exchange stood at a competitive disadvantage be-cause of the higher tax charge on

Share turnover in London represents only 18 per cent of the market's total value, compared with 50 per cent for the NYSE, 43 per cent for Tokyo and 82 per cent for Nasdaq. Institutional fund managers are likely to buy and sell shares more frequently if the transaction cost is lower, the paper suggests.

Stamp duty receipts fell from El.14bn in the 1983-84 tax year to 2910m in the last tax year, following the cut in the rate of duties. An estimated 30 to 40 per cent of this is levied on stock exchange dealings.

Lex, Page 18

Baring Brothers reorganises to raise more outside capital

BY DAVID LASCELLES, BANKING CORRESPONDENT

BARING Brothers, one of Britain's oldest privately owned merchant banks is to reorganise to meet changes in the banking markets and enable it to raise more capital from outside investors.

However, Sir John Baring, the chairman, stressed yesterday that Barings has no plans to go public. A holding company, Baring Pic, will be creeted to head a new group in which most of Baring's activities will be separated into subsidiaries. The main ones will be Baring Brothers, the merchant bank, and Baring Investment Management, which will acquire the group's in-vestment management business

and operate as a distinct entity. The main aim of the changes is to give Baring a modern corporate structure that will remove many activities from the bank and allow it to operate more freely. It will also enable Barings to raise capital through the holding company, rather than through the bank.

The scheme has been designed to protect family ownership. Three of the seven top executives will be Barings, including Sir John, and the company will end up in the unusual position of being wholly owned by n charity, the Baring Foundation, but with voting control vested in the 30

The group has no immediate intention of making a deht issue, though it has been studying several possibilities, including an issue of perpetual floating-rate notes, a much-favoured means of raising bank capital.

The ownership structure of Baring is also to be changed. Directors who own 28 per cent of the equity.

The new holding commune will sengrate these structures of the group pass through the burk. will sell it to the Baring Foundation, which already owns the remaining 74 per cent. In payment they will be entitled to receive £12.5m in preference shares, although in practice they are expected to receive cash, and the shares will be distributed by Cazenove to institutional

As part of the reshaping, outside investors in Baring preference shares will be asked to exchange

slightly higher coupon.
Sir John said: The reorganisation will provide Baring Brothers

11

del

with a corporate structure which is appropriate to meet the changes oc-curring in the financial industry." He said the bank intended to perticipate in the changes in the City markets, but selectively. The new structure had been devised to strengthen the group's indepen-dence, which he described as a

prize asset. But unlike some small me But unlike some small merchant banks which are standing back from the City Revolution, Baring will be joining in. It is buying e stake in Wilson & Walford, a job-hing firm, and is already a major player in the securities markets through its specialisation in sterling denominated bonds, It will also become a primary dealer in the giltedged market.

This is only the second his reon.

This is only the second big reor ganisation of Baring.
The first was nearly 100 years ago when the bank nearly

At the moment, its entire business is concentrated in Baring Brothers & Co, the bank, which is a big encumbrance to its balance sheet. This includes Baring's large investment management side funds) and its numerous banking and investment business overseas particularly in the Far East and the US, as well as assorted venture capital and real estate activities. All financing for the group also has to

The new holding company struc-ture will separate these activities by placing them in subsidiaries. The bank will be relieved of the strain of owning Baring's non-bank-ing husiness, which should leave it freer to do its basic job. The investment management side will also have a separate structure and board to emphasise its indepen-dence from Baring's large dealing

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Reagan aide cites 'astounding' progress on Star Wars project

gic Defence Initiative (SDI) have made "remarkable and in some Thomson's headquarters in London cases astounding progress since opening at 9 am it had booked 400 the project started two years ago, holidays from agents fortunate Dr George Keyworth, President holidays from agents fortunate enough to get into the Thomson Ronald Reagan's science adviser, said in London yesterday. Mr Keyworth told e Financial

Also on sale were 100,000 mys-tery Thomson holidays for £79 and luse buyers w not know their destinations until e month before departure. By noon more than 26,000 holidays had been booked by Thomson, with bookings sometimes coming at the rate of 1.3

a second. Intasum, with the 30,000 family holidays on offer today, said none would cost more than £110 per person. With child discounts, e Mediterranean holiday for three can be

obtained for £170. "Unlike the crazy offers which others are making these are real holidays," said Intasun. Intasun has brought the Mother-

care organisation into its selling programme by using Mothercare as consultants in setting up facilities in some hotels so that British mothers can give their children real home cooking

The children will not have to use Spanish or Italian medical services either. In some resorts lotasun is could attract European researchers importing UK-trained nurses. Thomson Holidays and Intasun may have started the discount

package tour war, but other operators and travel agents have fol-lowed. The Leeds-based Nat Holi-days group offered 500 coach holi-days to France through Lunn Poly shops at £5 as a "protest" against the price war. They were sold with-Another agency is offering £5 to

have a 10-day holiday in France free to the first 100 callers

RESEARCHERS on the US Strateoptics and computers.

Times conference on SDI and Eureco-operation project) that the advances had convinced scientists that a shield to defend the West from Soviet missiles was feasible. Such a system would not necessarily have to defeat all missiles

aimed at targets in the US and Western Europe, he said. A "leaky defeace" would make Soviet planners uncertain It would also remove the possibil-

ity that a Soviet first strike could destroy all Western weapons installations capable of retaliating.

Prof Paolo Fasella, director gen-eral of science research and develcoment at the European Commission in Brussels, said the proposed Eureka programme should not be seen as a rival to SDI, also called Star Wars.

But be voiced the concern that Star Wars, on which the US plans to spend \$33bn (£22.8bn) by 1990. from more commercially oriented

He said he would like to see five or six hig technology projects emerge from Eureka, which will be discussed at a ministerial meeting of European countries in Hanover Prof Fasella said the Eureka pro-

gramme could help the EEC to catch up with the US on research and development funding. The US annual outlay for this is \$97bn, roughly twice the sum for the 10-nation EEC, he said.

Dr Cerold Yonas, chief scientist that we didn't know were there," at the US Defence Department's SDI organisation, outlined the adof Modern History at Oriole C vances in e series of specific Star Wars technologies, such as sensors,

The programme was moving to

FINANCIAL TIMES SDI and Eureka

system in the next decade.

Opening the conference, Lord Chalfont, chairman of the all-party defence group in the House of Lords, said plans for Star Wars could be expected to be resisted by bureaucratic groups, which had an inbuilt tendency to oppose anything

Western Europe should support the research programme and seek to become involved in its planning. But be warned that technology transfer could pose problems to

For instance, the Pentagon could object to sharing with its allies technologies involving sensitive parts of SDL

Dr Alien Puckett, chairman of Hughes Aircraft of the U.S., said

Star Wars involved different technologies which were converging to-wards dramatic new applications that could have an impact in many areas apart from defence.

We should expect to discover

new phenomena and totally unexpected results. We will open doors

of Modern History at Oriole College, Oxford, gave an address on the political and strategic assessment for the Star Wars programme. He discussed the costs and bene-

Prof Michael Howard, Professor

the stage where engineers would at- fits of research on an anti-missile tempt to mass produce devices such shield and how this would interact as small anti-missile warheads and with other military and political

Prof Howard said the SDI programme could lead to increased in-

ternational tensions, for example by leading the Soviet Union to increasing its own efforts on developing offensive and defensive Dr Barry Boehm, chief engineer

in the defence systems division of TRW, said Star Wars would involve many important developments in computers, for instance in the control system to supervise the elements in an anti-missile shield. Several European research institutes were doing work in software developments that could be applied to Star Wars research. Such institu-tions included the British universities of Newcastle, Cambridge and

Prof R. V. Jones, Emeritus Pro-fessor of Natural Philosophy at Aberdeen University and a wartime science adviser to the British Government, was generally sceptical of the technologies required for Star

It was difficult to imagine adv ances in areas such as the aiming of space weapons that could lead to a working defensive system.

Many of the technical arguments proposed by US critics of Star Wars, from the Union of Concerned Scientists for example, had not been Britain to set up

SDI office, Page 13



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UK NEWS

Argentina faces steel dumping accusation

1ber 5 1985

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Born Steel

the thought along

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BRITISH STEEL Corporation (BSC) is preparing an anti-dumping case against the first consignments of Argentine sieel to come to Britain since the end of the Falklands war m 1982

Consignments are being arranged by steel importers Harlow and Jones and by some German merchants. The German-imported steel is planned to arrive in the UK late this year, and the Harlow and Jones consignment will arrive late in 1988.

Jones and British Steel would then add an average of £10 a tonne for extras and delivery.

"Argentine steel is very competitively priced and we have not been able to import any for years because of the embargo," said Mr David Lloyd, Harlow and Jones director.

BSC is understood to be building up an anti-dumping dossier that might lead to a case being presented by its lawyers to the EBC and the governments concerned. Harlow and Jones is planning to

import up to 10,000 tomes of commercial quality cold rolled coil British Leyland," said Mr Lloyd.
steel - the type that could be used "We will be providing it to me for car bodies but is more likely to be used for filing cabinets or car

tunnel plans put forward by Mr Ed-

ward Heath, the former Tory Prime

Minister, in 1970-74, yesterday an-

Mr Powell, now the official

Unionist MP for South Down, said

in a speech to businessmen in

Reading, Berkshire, that he would

support a fixed Channel link as

long as it was financed entirely by

He described the Heath Govern-

ment's plans for a publicly financed

tunnel as one of the policies he had

found unrecognisable and unac-

He said: "This is just the sort of project which makes all the wrong bells ring; once public money comes

in through the door, political cau-

tion and good judgment go out of

"If a fixed link could be financed

by genuine private capital, 1 say

hurrahl and will cheerfully vote for

any enabling legislation," he added.

financed fixed link have been pro-

duced by several groups, of and are at present being considered by the British and French governments.

Detailed proposals for a privately

nounced a change of heart.

BY KEVIN BROWN

private capital.

to Channel tunnel

slightly above the £255-a-tonne the exact quantity of steel it was ex-besis BSC would charge its largest pecting to import, but Mr Lloyd customers but well below BSCs thought it would be about 10,600 £295-a-tonne basis list price on smaller quantities. Harlow and Jones, and British Steel would then

The embargo, imposed at the end of the Falklands war, was lifted in July this year, reopening the way for Argentine steel imports. "We will not be selling it at less than British Steel would charge to a major customer such as GKN or

"We will be providing it to medinm-sized consumers - such as component suppliers to the automotive industry or office furniture manu The company aims to sell the facturers at the same price as Brit-steel at around £270 a tonne basis price [excluding extras]. That is The company would not confirm

by a tunnel; and Sea Containers

which plans twin road tunnels plus

Mr Powell said there was no con-

flict of interest between his views as "an anti-Common Market nation-

alist" and his support for a fixed link. He said nothing that improved

communications between the UK and the European continent carried

be a common legislative authority.

Anything that facilitated the ex-

ty and should be endorsed unre-

servedly. The only requirement was that the cost of a fixed link must be

own SDI department pecting to import, but Mr Lloyd By Peter Marsh thought it would be about 10,800 THE MINISTRY of Defence is set-ting up its own Strategic Defence tonnes - equivalent to a quarter of one week's present output from a

Britain to

Initiative (SDI) office to help Brit-

ish companies that want to become

involved in the \$33hn US Star Wars

project.

The move by the ministry follows last week's interim agreement be-

tween Mr Michael Heseltine, the

Defence Secretary, and Mr Caspar Weinberger, his US counterpart

setting out general terms for Ul

participation in the programme.

The understanding between the two politicians, which covers areas

such as the technologies where Britain could play a part and details

over technology transfer arrangements, is due to be discussed by the

UK Cahinet in the next week or so

According to the ministry, Mrs Margaret Thatcher, the Prime Min-

ister, and other ministers will have

to agree to the understanding reached by Mr Heseltine before a

formal agreement with the US over

participation in Star Wars should

be finalised in the next few weeks

It is hoped that this will be reached

before the summit meeting be

tween US President Ronald Reagan

and Mr Mikhail Gorbachev, the So

viet leader, in Geneva on November

Star Wars is reached.

establish

Llanwern, South Wales. Harlow and Jones says it will sell the Argentinian steel at the same price as Brazilian steel in the UK, and comparable steel from other cheap producers.

plant such as British Steel's at

British Steel has been upset in recent weeks about chesp imports from South American countries including Venezuela and Brazil.

There had been speculation that British Steel would respond to the threat of cheap imports by introducing a 4 per cent price cut. BSC denies that, but the wide range of tar-iffs available sometimes makes it difficult to tell when price cuts take

that there will be no price increase from January 1 for that type of

Powell drops opposition Branson plans new MR ENOCH POWELL, a leading nels; the Euroroute consortium, Conservative opponent of Channel which proposes two bridges linked

Jumbo jet to operate the mute.

Mr Richard Branson, Virgin

chairman, said the all-inclusive £99 economy fare was £140 cheaper than the equivalent fares offered by Virgin's rivals, British Airways, Pan More jobs to any implication that there ought to Am and Eastern Airlines. "The return air fare of £198 on

Virgin Atlantic is chesper than the lowest one-way standby fare of-fered by the other airlines on the London to Miami route," Mr Branson said.

more than offset by the advantages likely to accrue for transport and communication. That was a judg-ment that should be left to the available from next month. The airline plans to operate four flights a week to Miami. The extra

Jumbo will also operate three additional flights a week from Gatwick Mr Powell said there was no reason why a fixed link should undermine the geographical isolation of Britain which he has argued is of vital defensive importance.

to New York, a route already served by Virgin. The extra frequencies will give Virgin a twice-daily Jumbo London-New York service. A condition of construction should be that any facilities neces condition of construction The airline is to fit this Jumbo

with fire-blocking seat materials by the end of January 1986. The Civil Aviation Authority has set a deadline of December 1987 for this material to be fitted in all UK-registered

any of the 10 emergency passenger doors on either of its two Jumbo aircraft. British Airways has sealed two of the doors on its fleet of 28

lar business passengers, were un-able to fly on the airline.

The SDI office will probably have a staff of between six and 15 people and act as a counterpart to the US Defence Department's SDI organi-sation. It will provide a focal point for British companies and research groups which want to join specific areas of the programme. air route According to the Defence Ministry, a formal agreement between Britain and the US governments on

By Lynton McLain

VIRGIN ATLANTIC Airways is to start scheduled services between London and Miami next spring with an introductory single fare of £99. Virgin is to buy a second Boeing 747

change of goods and services was bound to increase mutual prosperi-

Virgin is to start the service from Gatwick Airport - London, on April 19. The fares are expected to be

Virgin has no plans to remove

Virgin flew on the Gatwick to New York route with the aircraft 98 per cent full this summer. This meant that some people, in particu-

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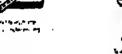
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Rescue bid expected for Edgley Aircraft

The strongest contenders are sary for rapid destruction of the thought to be the Channel Tunnel link should be built in, ready to be

Group, which plans twin rail tun-primed if invasion threatened.

BY LYNTON McLAIN

ny making the Optica observation aircraft, in receivership since last month, is trying to form a consorproduction in the UK. Mr William Purbrick, who was

the sales and marketing director of eaship with 45 aircraft in various Edgley Aircraft, before the board of stages of manufacture. The compathe company called in the receiver on October 21, is leading a group of unnamed executives in a bid to take over the company.

topher Barlow and Mr Martin Iredale, the official receivers from Cork Gully, chartered accountants, The receivers made 238 staff re-

dundant at Edgley Aircraft's factory near Salisbury, Wiltshire, last

A FORMER director of the compa-month. This left the factory with 51 people. Some were people with shopfloor skills. The company was continuing to make Optica aircraft, tium to buy the assets and continue Mr Barlow said on his appointmen

Edgley Aircraft went into receivny had firm orders for 16 aircraft and potential orders for 100 aircraft, but the receivers planned to reduce the rate of aircraft production. Work would concen posals later this week to Mr Chris-There was no indication whether

Mr John Edgley, the designer of the glass-nosed Optica and the founder and chairman of the company, would join the proposed consor

go at STC By Guy de Jonquieres STC, the troubled telecommunica

tions and computer company, plans to shed 166 of the 560 jobs it is semiconductor division in Foots Cray Kent, as part of a cost-cutting drive.

This brings to about 1,700 the by STC since early August, when Sir Kenneth Corfield was replaced by Lord Keith of Castlescre as chairman and chief executive. STC employs about 45,300 people.
The company is expected to decide this month whether to contin-

ue with a planned £50m investment to mass-produce microchips at Foots Cray, where it is building a new factory.

Production had originally been due to start early next year, but the company delayed installing equip ment pending the completion of re-ports by independent consultants asked to assess the project's commercial chances.

Most production at Foots Cray is of mature components, such as power and discrete semiconductors. In the six months to June, STCs operating profit on the production and distributions of electronic compo-nents fell to £4.5m from £11.1m in the same period the year before.

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UK NEWS

Philip Bassett on how unions are facing high technology

A long struggle for the future

OUT ALONG the M4 motorway west of London, up in Scotland's Central Lowlands and clustered around Cambridge, lie - supposedly - the prizes for Britain's beleague-red trade unions: new industry, new jobs, new members.

High-technology companies, with service industries, are widely thought to be the future main sources of new employment and of new members for the unions. Unions have been trying to orga-nise in the service industries for years. It has been e long haul, with ew successes and some spectacular

Essentially the service industries are familiar, if relatively unproduc-tive ground. High tech presents new problems and challenges old ways. Some unions are trying to meet these but most are not. Few will enjoy the luxury of not having

ambitions to organise in high tech such as Tass, the white-collar engineering union, the electricians' union EETPU and the white-collar ASTMS, base much of their hopes on historical parallels.

Those unions with the highest

They point to the largely unorga-nised cer industry in the 1930s and to its highly unionised state 50 years later. We're running a mar-athon here," said Mr Bob Eadie, the

It means hard work, waiting in some cases, for people to turn to the union; like the case of redundancies announced earlier this year at are finding it immensely difficult to that it should.

National Semiconductor in Scot- organise software personnel, Mr What united tand when the assistance of the EETPU was sought

Difficult, but the reality is probably even more problematic. Two of the unions most closely concerned – Tass and the EETPU - spoke last ettract members. Tass especially week et a conference, probably the coeded to do so: much of the equivafirst of its kind, of unions organis-

ing in high-tech.

Ideologically poles epart, they were brought together by the difficult task, and the little headway

houses was formerly done by Tass members, now it was effectively contracted out.

"Software companies pay high made so far.

"Every union thinks that they have found a way of dealing with it hut we haven't," Mr John Tuchfeld, Tass national officer, told the con-

Tass national officer, told the conference, staged by the Technology Policy Unit at the University of Aston. Birmingham, in the Midlands. Mr John Spellar, EETPU national officer, spelt out how the electricians see three high-tech areas. First, companies producing, mainly by computer-based technology, sophisticated components for similar

leaflets in factories, waiting for a response, inviting workers for informal talks at local hotels and mailshots to their homes. processes are high tech; and third, companies in manufacturing and industry which are increasingly adopting the newer technologies. An example of the first area high-

lighted was software houses. We organise software personnel," Mr Tuchfeld said. They were in considerable demand and could set their

own price, he said.

As long as demand was high, there was little unions could do to lent work now done by software

wages. Their employees don't see the need for a union. And we aren't at the moment making any head-way at all with persuading them The

about the moral position." two linked strategies for the electri-cian's controversial strike-free ceeding much yet, but with some deals and the union's growing impact - witness Nissan, which did seven sites around the country and the unions camping on its doorstep. ready to be brought to companies

bers in the semiconductor belt of Scotland's Silicon Glen.

The process involves distributing teaflets in factories, waiting for a processes are high tech; and third, unions, clearly a cardinal sin.

He stressed that the union's ap-proach was not necessarily the final-stage in industrial relations devel-opment. It not only would change, is was part of the EETPUs app

What united the audience most was its opposition to the views of Dr. Hazel Dowling, a research officer from the National Communications Union (NUC). She spake defeasive ly about protecting NUC men interests against the impact of new technology. She traisted it provided no beoefit for those working with it.

For most unions, especially in the private sector, such arguments carry little force.

The use of technology is not a vague question, its use is a growing

The unions' problem is dealing bout the moral position." with its impact on members. They
Mr Spellar outlined the EETPU's are trying different ways, other. retraining programme, being run at a deal rather than face to years of

Perseverance will be everything, where access to the EETPU's traio- but the unions will not give up - too

Life premiums up 15% in third quarter

BY ERIC SHORT

A RESURGENCE in sales of individual life contracts by life comparies in the third quarter is reported by the Association of British

In what is normally regarded as a quietar sales period, new annual premiums were 15 per cent up on the third quarter of last year, from £244m to £281m, while single premium sales were 9 per cent ahead at against £232m. £675m against £618m.

However, this recovery was insufficient to make up the ground lost n the first six months, in particular the first quarter, when sales were dull. At the nine-months stage, overall annual premium sales were 13 per cent down on the same year's budget.

Unit-linked business is showing the most resilience to the setback earlier this year, with new annual premiums up 28 per cent in the third quarter over last year from £58m to £74m. At the nine-month stage, premiums for this business were only 8 per ceot down at £214m

The other success story is in the industrial life business which in-volves small premiums paid weekly or monthly and collected by agents in the homes of policyholders. It has been dull ever since the ending of tax relief oo life premiums in last

Premium growth in the third quarter was 18 per cent from £52m to £60m - the highest growth rate since the budget.

Conventional life business is still lagging behind, however. There was s 10 per cent improvement in annual premium sales in the third quarter from £134m to £147m, but sales were still 20 per ceot down at the nine-mooth stage.

Linked bond sales were nearly 50 per cent higher in the third quarter than last year at C543m against £373m. This growth reflects the continued ectry of more traditional life companies into this sector.

Traditional single premium sales flecting the quiet state of the guar were nearly 50 per cent down in the anteed income bond market.



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The art centre as idea and benefactors of all kinds have principle has so much to recom- also been generous in their supmend it in both general and particular terms, all the more eogent in straitened and difficult times, that the only surprise is the degree to which it has always had to walt upon private initiative, rather than private initiative, rather than immediate civie support, to give it substance. The case has been well made many times. New life is given to solid, practical and decent buildings in the hearts of our cities, which by some finke escaped the developer's buildcar only to stand empty and turreclaimed by commerce or industry. The quality of city life at many levels is at once enhanced by the bringing together, in a natural intercourse, of art and entertain ment, controversy and diversion, stimulus and pleasure—for where would an art centre ha without its cinems, hookha without its cinema, hook-shop, restaurant and wine bar? Reople come to where the interest is and so a constituent public is established. A few jobs, God bless us, may even be constant.

With the opening last month of the Cornerhouse, in a converted furniture store next door to the Oxford Road Station, Manchester at last joins such pioneers as Bristol (Arnolfini), Cardiff (Chapter), Classon (Third Fue) and one Glasgow (Third Eye) and one or two other cities, with an art centre of its own. Better late than never; but it is only fair to Manchester to point out that while certain of those other while certain of those other authorities fortunate in long established and distinguished centres still spit on their luck, the Cornerhouse has been set np at a capital cost of some £1.4m, of which a substantial continuitation has meet been the portion has been met by the tha close physical relation of councils of the city itself and of old work to very new, in a time Greater Manchester. Private when some would persuade us

port, and now with less than £50,000 still to find, the end or rather the true beginning is in sight. In that final state the Cornerhouse will have three einemas to complement the three galleries, the bar, cafe, video store and bookshop of phase are

Human Interest, bas been chosen by Norbert Lynton, an eminent teacher and critic, and fills all three galleries until fills all three galleries until November 17 (open daily except Mondays). What in fact be offers us is a rich and engaging, if not entirely digestible, melange, of British painting, sculpture and photography of the past balf century that takes the human condition, one way or mother, as its subject.

The material follows no chronology but rather is disposed in seven loose categories chronology but rather is dis-posed in seven loose categories of general preoccupation that at times merge and overlap. What with the dense and busy hang, and the fact that many of the artists crop up in several places, this can lead to a cer-tain creative confusion. It is all too easy for the Leon Kossoff or William Roberts of "Reinvent-ing the Figure," for example, inadvertently to beg considera-tion as part of "Company," and vice versa. But this is less fault vice versa. But this is less fault than bonus, if of a somewhat teasing and disorienting kind; for if there is one point more than any other that bears con-stant reiteration in considerastant reiteration in considera-tion of the visual arts, it is that no category is ever truly hermetic. The more we look, the more we always tind of general relevance and particu-lar cross-reference in imagery and continuity in practice. Here



Ruby Loftus Screwing a Breech-ring, by Dame Laura Knight

that the new figurative expressionism is a radical departure, pop-art old hat, or abstraction finished, is very much to the

After a while, however, the immediate eategories fall away immediate eategories fall away to allow us at last to take the exhibition as a whole. Then begins the proper engagement with the work and its real test. How good it is to see the Joek McFadyen, Paulo Rego and Amanda Faulkner of today and today an against John Bellany and Ken Riff of 10 years ago, against David Hockney, Michael

Stanley Spencer. There too are the young romantics, Adrian Wisniewski and Andrzej Jackowski, who may be aware only now of Robert Medey's hucolic lyricism of the early 1950s.

The final and perhaps the chief pleasure in an exhibition chief pleasure in an exhibition of this size and nature comes

Andrews and Roger Hilton of 20, Francis Bacon and Keith Vaughan of 30 years ago. There is Jack Crahtree, an artist in mid-career yet still too much overlooked, to set beside Lucian Freud, and Steven Campbell, the latest young llon, beside Stanley Spencer. There too are the young romantics, Adrian Wisniewski and Andrzej Jackowski, who may be aware only now of Robert Medey's hucolic Interior of Minos, and Medley's Summer Ecloque of 1951, the tiny war-time Victor Passmore study of a girl with a mirror, a window hy Henry Inlander of 1967. Laura Knight'a Ruby Loftus Screwing o Breech-Ring of 1943, is painted with a free-

ing boots by William Nicholson, a run of flowers by Manct, Fan-tin-Latour, van Huysum and Ivon Hitchens, Snyders' huge Game Statt and then a magnit

dom and boldness that realism belies. Sculpture by Davies, McComb and Moore, photographs by Paul Hill and Bill Brandt: so many things to

The great civic art galleries and museums were of course the generations and the wonder is that so many of them not only struggle on but flourish. The extension to the Leeds City Art Gallery, with its special galleries and scolpture study centre funded by the Henry Moore Foundation, was opened centre funded by the Contract of the grand against the popular the grand against the grand against the grand against the grand against the popular the grand against the an occasional foray toto sculpture, entitled with some justice
The Irresistible Object (until
December 8). Again chronology
Is sacrificed to category and to
the same advantage, with the
point made at the very start by
banging a tiny Lucian Fread
squid and sea urchin beside a
study of 1661 by Jan van Kessel
of butterflies and other insects,
set out severally across the page
as in a specimen case.
Together they represent the
Spirit of Enquiry, and so we
go on through Flowers, Vanitas,
Table Pieces and the Rumble
Object at last to the Deception
of the Eye. We come upon
Morandi's three small pots between Chardin's oysters and tween Chardin's oysters and bottle and Miss Jekyll's garden-

Victor Hugo Exhibition/Paris

Magda Hamsher

The celebrations marking the centenary of Victor Hugo's every schoolbook; in 1832, death have culminated in an when be was 30, there was alimposing exhibition in the Grand Palais. It adopts an unusual approach to the Victor Hugo phenomenon: the three floors are devoted, not to the great man's own achievements.

but to how he has been glorified over the years.
In 1882, 600,000 people filed past his bouse; in 1885, two million watched his funeral procession from the Arc do Triomphe to the Panthéon.

Eponymous words were coined

—like "Hugolatre" and "Hugophobe" — expressing the
extreme reactions of adulation
or hatred which be provoked.

photographs and reproductions cut-outs and pochoirs, with and even by his portrait on a banknote. His political activi-ties also kept him in the head-for dating from the 1850s.

solet d'enerc, snowing 100 of the poet's drawings and a cholec of his manuscripts, draws many more visitors. These ore drawings which he kept hidden and left in his will to the Bibliothèque Nationale.

ready an edition of his com-

plete works. Great painters

were inspired by bis work;

musicians by his poems and actors by his dramatic work. There are photographs in the

exhibition of Sarah Bernhardt as the queen in "Ruy Blas."

But none of this seems to im-press the Parisian public. There

have not been any of the ritual queues winding round the Grand Palais as there were eartler this year for the

Impressionist and Renoir exhi-

But acrosa the road in the

Petit Palais an exhibition called Soleit d'encre, showing 700 of

King Olaf/Festival Hall

Paul Driver

Scenes from the Sagn of so effective and attractive as King Olaf, Op 30, is one of four the earlier Longfellow ballad-cantatas which Elgar composed in the years leading up to the new century and the from Vernon Handley's meticular there are the Plack on years a satisfying impression. achievement of Geronius, (The other three are The Black Knight, Op 25, The Bunner of St George, Op 33, and Caractacus, Op 35.) It is an amhitious, evening-long plece, bedevilled by a libretto after Longfellow, crudely adapted by H. A. Acworth, which abounds in bather and cov archaigm. in bathos and coy archaism. Since its early run of performances (the premiere was in 1896) It has rarely been beard, and there is no current recording. But the London Phithar-monie Orchestra and Choir, under Vernon Handley, gave it

an airing on Sunday night, and are about to record it for EML The cantata is formed as a series of loosely related stories—supposedly told at a gathering of Scandinavian hards—about the exploits of Olaf, a Christian king somewhat recklessly bent on converting his pagan countrymen.

conveyed a satisfying impression of the first half's massive muslcal solidity), and from the LPO Choir's versatile contributions. It's pre-eminently a eboral plece and the LPO voices were well able to relish their diversified opportunities — In blustery explosive choruses such as The Challenge of Thor, or in the o cappelin dainty one. As tor-rents in summer. The choral ballard, A little hird in the air, fleet-footed and wistful, brought the evening's only reminder of Elgar's sovereign imagination.

But there was little the cholr

could do to prevent such developments as the recitative After Queen Gunhild's death from sounding dreary. Nor did the three sololsts impart to proceedlngs much in the way of poetry Cook look the hass roles with The format does not work particularly well mainly because Elgar fails to create a general and compelling sense adequate authority, but tenor general and compelling sense part and obliged to rely heavily of atmosphere, a musical feel on falsetto in the upper register lug of time and place. The desultoriness of the text would not be much of a problem if he had succeeded in this. As it is, the work seems overlong, climax of the work (The gray lacking in moments of authentie inspiration, and not nearly it a signally low point.

New York opera/Andrew Porter

Strong Met cast fails to meet the challenge of Khovanshchina

Lawrence Tibbett, and Jerome had to set their drinks down Jarvi conducted very plainly, made ber American debut She Hines, in English, and in the on the floor. Rimsky-Korsakov version, Now it is in Russian and in the Shostakovich version, which poses greater challenges but offers greater rewards when its Golitsin, Alan Monk as it is in Russian and in the demands are worthly performance was lit by the Martha of Helga Dernesch, who made an unheralded Met debut, taking over when Florence Quavar withdrew. An intense, intelligent dignified and potent artist, Miss Dernesch was very moving in the great role—the woman in whom all the threads of the drama meet and cross, an Ulrica, Cassandra, and Donna Elvira in one.

For the rest, there was an oddly plain, characterless, undetailed production by Angust Everding. His brief to the designers. Ming Cho Lee for the sets and John Conklin for the costumes, was apparently to avoid pageantry apparency to avoid pageancy and any sense of period. Mussorgsky, I think, counted on these (as he did in Boris); his aim, like Verdi's, was to his aim, like Verdi's, was to infuse the resources of grand opera with what both composers called "truth," not to scrap them. Simple shapes spanned the stage. People scurried on and off for no discernible reason (just "to keep things going"). Prince Gollt-

new production of the Met sparsely furnished that his season. The company last did it harpsichord had to double as tions that make up opera, one imposing performance. in 1950, with Rise Stevens, a serving-table, and his guests more is easily accepted.) Neeme The cast looked strong on

> suppose it was partly a matter of language: Golitsin's and Shaklovity's reflective monologues and the quarrel of the princes need to be followed in detail—or else to be sung with the variety of inflexions and tones which can hold spellbound even someone who does not understand what is being sung. Max Loppert, reviewing on this page Covent Garden's latest Khovanshchina revival,

described how Yevgeny Nesterenko's Khovansky achieved this. No one in the Met cast did except Miss Dernesch, and even she—to this listener with but a few words of Russian—was less telling verbally than she is when she sings in English or stand her. (I see no objection to macaronic performances in which each artist uses whatever tongue he or she finds most communicative; at Covent Garden, Christoff's Russian Boris and Ludwig Weber's German Boris, answered by the

rather squarely. The scene with the Pastor and the scene with Susanna were both omitted.

what drab in performance. I Rigoletto, given by Riccardo last year), but hardly one with Complete Verdi Works being published by the University of Chicago and Ricordi Conductor and edition, however, are hardly what matters most about thisor any - Verdi opera. The star of the show was Reputo Bruson, who is sometimes dull hut someuses his excellent baritone to perform with intensity and

recitative he became so slow, so heavily emphatic and "expressive," that the dramatic impetus was lost. Denied the impetus was lost. Denied the traditional inserted high notes at "E follial" "Un vindice avrai!", "All'ondal", etc.), he signalled their absence by hanging down on the written mark was a pp for the cim-

As Gilda, Cecilia Gasdia

is an efficient little singer, but she was somewhat charmless and unappealing in manner and in timbre. The Duke was Michael Myers, a young Ameri-Carnagie Hall was packed for can tenor, robust and vital (he Muti and the Philadelphia the aristocratic grace, elegance, Orchestra, and given in new and brio that the role needs. critical edition of the score, He gave a decent, carefully edited by Martin Chusid, which studied, conscientious perfor-forms the first volume of the mance. A Bulgarian mezzo, Alexandrina Milcheva, made little mark as Maddalena. The Sparafucile, Stephen Dupont, had an interesting, dark timbre hut lacked purity of focus and of pitch.

The new edition has the shining merit of making clear exactly what Verdi himself wrote-provided one gives careful heed to typographical dis-tinctions, to the footnotes, and At his best moments he seemed to forget the concert it is as profusely over-edited platform and to fall into bunchback poses. But sometimes in matter of added slurs and "regularised," in the matter of added slurs and added dynamics, as the "bad" and Ricordi scores — with the difference that the composer's

the com-pah-pahs!" Chusld extends this pp to all the accompanying instruments, to the pahe as well as to the coms; and then he adds a gratuitous f to the tune as it sulls out, four octaves deep, on piccolo, the company of t divided violins, and cellos, and gives it heavier accents. All in all, these eight bars contain 55 additions or alterations.

At Rigoletto's taunting of Monlerone ("Voi congiuraste,") tradition makes—because the staga action suggests, and Verdi's markings imply-dyn-amic contrasts between the grotesque figures accompanying the jester's "ridiculous assumption of gravity" and the soft string figures (marked ppp) heneath his sustained notes. Chusid indicates that the whole should be played softly. It's a point of view—but it's a per-sonal and debatable interpretation imposed on the score. Conductors who disagree will have to do an awful lot of work with white-out; it's easier to mark up a clean score and clean parts than to alter carefully

printed ones. Muti didn't disagree. He obtained exquisite instrumental and has had a huge success, playing and lucid textures. He Peter Glossop does some later sought the sense of each detail

others in English, were both notes so hard that they wobbled, basso; in early printed parts, -most of them Verdi's, some memorable. Amid the conven- But on the whole it was an the second bassoon and the Chusid's. It didn't always flow double-bass were also given a easily or naturally, for the pp; the message seems to be singers were held on a tight Don't bang out the OOM of rein. Rubato seemed to have been worked out meticulously in advance, and little was left to the inspiration of the moment. Cademas (except for one ancions little flourish from Myers) stuck to the printed notes. But it was a caring, dedicated, intent performance. It's good to have this careful

edition of the score. Errors have been corrected. Hundreds of absent indications have been judiciously supplied. hope future volumes won't be quite so tightiy concerned with consistency (a different phras-ing of the same figure, when repeated, can be significant) or quite so insistent on providing interpretation for passages whose precise weighting Verdi left to the judgment of individual performers.

Helge Rosvaenge made his New York debut at the age of 65. Peter Pears made his Met dehut—a memorable Aschen-bach—at the age of 64. Giuseppe Taddei — a singer whom tha New Grove wrote about in the past tense ("Taddei was one of the most versatile and gifted haritons of the post-war period)—has just made his faithfully conducted Chusid's Met debut as he approaches his interpretation of Rigoletto. He 70th birthday. He sang Falstaff,

Saleroom/Antony Thorncroft

Record for Boys —and Phillips

Phillips held its most suc-Sothehy's in New York pro-cessful ever sale of English grammed an auchon of top drawings and water colours yes-terday, with the total topping catch the mood. £350,0000 and little left unsold. It contained eight 18th

wyide, in particular, was a heavy buyer. Ha paid £46,200, as against a top estimate of £18,000, for an 1830 view of the St Germain l'Auxerrois quartier of Paris by Thomas Shotter Boys. This was a watercolour record for Boys-and for Phillips.

Alexandra Kitchin, the favourite model of Lewis

Carroll.

This was a strong market last season but judging by prices at this auction demand is still increasing, with London dealers competing fiercely for items in Clive of India around 1760. Glove on the condition by the best clive was one of the returned of his day when he returned of his day when he returned from India, and he expected the best when furnishing his London house in Berkeley Square. These chalrs started life there and were moved to the family's country seat. Powis Castle, Wales, in the early 19th century. Unfortunately, for all

cord for Boys—and for Philips.

A watercolour by John Robert
Cozzens, "Between Salerno and Eboli," was bought by Wyldc for £35,200 (top estimate £15,000). It was sold by King's College, Cambridge.

A pen-and-ink drawing by Rossetti of Jane Morris, his wood overmantle mirror, after a design by Robert Adam and Rossetti of Jane Morris, his most famous model, was bought a design by Robert Adam and by Agnew for £28.600 (top intended for Lord Derby's home estimate £8,000). This was one in Grosvenor Square, beat its of 16 studies Rossetti made of Jane in 1870; it had sold in Qianlong carved ivory slant the Rossetti aoction of 1883 dressing bureau, reputedly commissioned by Warren Hast-Colnaghi, pald £17,600 for a Francis Coles portrait of a gentleman while Hartnall acquired The Duet by Henry Holiday for £12,100—it depicts his daughter and her friend control of the c

On November 26 Sotheby's is the selling a most remarkable find -a previously unknown gospel A sludy of a girl's head by The 9th-century Franco-Saxon Burne-Jones, a preparation for manuscript has 20 full-page his nnfinished painting The illustrations and a mediaeval Chariot of Love, went to the binding. It had been at the Piccadilly Gallery for £4,950, abbey of St Hubert in Liège Wylde paid the same sum for until the French Revolution but The Rialto in Venlee by was probably made around 860
William Callow. at the abby of St Amand in
With Washington awash last southern Flanders, Sotheby's is weckend with British aristo- expecting bids above £300,000 crats, on hand to see that the for this rare and exciting dis-National Gallery there is look covery—only one comparable ing after the heirlooms they manuscript has come on the have loaned to the Treasure market this century, and that Houses of Britain exhibition, had just two decorated pages.

Arts Guide

Opera and Ballet

NETHERLANDS

Netherlands Opera production of Tehallovsky's Pique Dame (in Rus-sian) directed by David Pountney. The Netherlands Philharmonic un-

Doese (Mon). (242311). he Compagnia d'Opera Hallana with La Bohème. The Postis Symphony Orchestra of Budapest and the Bu-

charest Musica Choir. Mon in Amsterdam, Carre Theatre (225225), Tue in Amstelveen, Cultureel Cen-

Balanchine programme from the Na-tional Ballet: Concerto Berrocco, Monumentum pro Gesunido, Move-

Amsterdam, Stansschulder (242311).
Noderhands Dans Theater on tour with Moves (Robbins), Love Songs (Forsythe) and Ghost Daness (Bruce). Mon in Leeuwarden, De Harmonie (13225). The in Groningen, Stadschowburg (125645). Wed in Utrecht, Stadsschouwburg (316241), Thur in Tilburg, Stadsschouwburg (42220).

Dance Theater of Harlem in the hamework of the Paris International Dance Festival at the Theatre des Champs Elysées (7234777).

trum (458444).

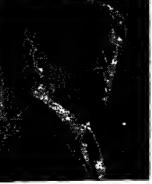
Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-

Bercelone: Moses und Aron by Schoenberg Orquestra Simfunica t Cor del Gran Textre conducted by Uwe Mund and performed by Franz Mazura, Wolfgang Neumenn, Su-sanne Calabro and Czesiava Scania. Gran Testre del Liceu, San Pablo 1. (Tue, Thur). (3189122).

der Edo de Waart, with two choirs and members of the National Bellet. Cast headed by Jan Blinkhof, Henk Smit, Elaine Bonazzi and Helena Trieste: Testro Verdi: Season opens with Toscs in Alberto Fassini's pro-duction conducted by Oleg Caetani. Glovanna Casolla (Tosca), Vassili Janulako (Scarpin) and Antonio Berasorda (Cavaradossi). (63 1946). Fiorence: Testro Commals: Un Ballo in Machinea conducted by Cianas. in Maschere conducted by Gianandrea Gavezzeni with Luciano Pavarotti (Riccardo), Piero Cappuccili (Renato), Maria Chiara (Amelia), (Renato), Maria Chiara (Amena), Patricia Payne (Ulrica) and Patricia Pace (Oscar) in Sandro Sequi'a new production. (2779236). Venice: Gran Teatro la Fenice: Cosi fan Tutte in Luca Roncom's produc-tion, conducted by Petar Mang-Monumentum pro Gesusino, Move-ments for piano and orchestra, Tchaikovsky pas-de-deux, and Sym-phony in C. Mon in Venio, De Maas-poort (43131). The to Thur in Amsterdam, Stadsschouwburg (242811).

WEST GERMANY

Cologne, Opera: This year's highly acclaimed Salzburg production of Monteverdi's Die Heimkehr des Odysseus, newly arranged by Hans Werner Henze, will have its German premiere this week. It is again produced by Michael Hampe. The cast brings together Claudio Nicolai, Urrich Hielscher, Marianne Hirsti, Alian Bergins, Hanna Schwarz and Haraki Stamm. The Magic Flute rounds off the week. (20761).



Daniel Barenboim, who conducts Jean-Pierre Ponnelle's new production of Don Giovanni at the Washington Opera.

Statisgart, Wurtzembergisches Staais-theater: Philip Glass's opera Echnat-om, composed for Statigart is an Achim Freyer protection. Comter-tence Paul Respond in autstanding Achim Freyer production. Counter tenor Paul Esswood is outstanding Tristan und Isolde is steered to tri-numin by Waltraud Meier and Man-fred Jung in the leading parts. Also offered Figano's Hochzeit and Don Giovanni (20321).

Governm (2031).

Humich, Bayerische Staatsoper: This week's highlight is Don Carlos with Eva Randova, Nicolal Ghiaunov and Giacomo Aragall. Otello is worth a visit with Mirella Freni, Vladimir Atlanter and Blane Constalli. Atlantow and Piero Cappurilli. La Boheme has Ileana Cotrubas in the title role. Tannhäuser and Macbeth complete the programme (21851).

Berlin, Deutsche Oper. To commemo Berlin, Deutsche Oper: To commemo-rate Berg's 196th anniversary, Woz-zeck is offered with Karen Arm-strong, Kaja Borris and Lenus Cari-son. Lacia di Lammermoor has a new cast. The highly acclaimed Götterdämmerung brings together Rané Kollo, Matti Salminen, Catari-na Ligendza and Cheryl Sinder. Der Barbier von Sevilla closes the week. (34381). (34381). Samburg, Staatsoper: La Traviata, sung in Italian, features Julia Var-

ady, Giorgio Zacanaro and Neil Wilson (351151).

son. (351151).

renkint, Opera: premiering this week is Die Verkaufte Braut, produced by Christof Nel. Persifal is conducted by Michael Gielen and has Panline Tinsley as Kundry and Walter Raffeiner (25821). LONDON

English National Opera, Coliseum: the new production of Gounod's Faust by Ian Judge, conducted by Jacques Delacote with a cast including Arpenators with a cast including Ar-thur Davies, Helen Field and John Tominson, is notable for the compa-ny's return to the composer's origi-nal form for the opera - spoken dia-logue (instead of the more familiar sung recitatives) and song. Further performances of the current, not wholly successful Orpheus in the Underworld, with its Gerald Scarfe

New Sadler's Wells Opera, Sadler's Wells Theatre: the fare for this week is an attractive mixture of opera (the quirkily poetic Traviata produc-tion borrowed from Opera North) and operetta (the new Merry Wid-ow, a successful mainstream proow, a successful mainstream production, and the HMS Pinalore reRoyal Opera House, Covent Garden: The Royal Ballet with The Sleeping Beauty, Two Pigeons and a triple bill including the new Bintley, Sons of Horus, (240 1066).

BRUSSELS

Cirque Royale (2182015): Tales of Hoffman by Offenbech conducted by Sylvain Cambreling with Stuart rrows, Jose Van Dam, Rita Gorr.

Manon Lescant: In the original lan-guage by Fujiwara Opera Company. Tokyo Bunka Kaikan. (3715384; 369 7020).

WASHINGTON Washington Opera (Opera House): Jean-Pierre Ponnelle's new produc-tion of Don Giovanni conducted by Daniel Barenboim with Ranato Bruson opens a season that includes Eugens Onegin, To Ballo in Masch-era, The Daughter of the Regiment and Christopher Columbus, Ken-nedy Center (2334757).

CHICAGO

Lyric Opera (Civic Opera House): The Sist season begins with Otello star-ring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antopello Madau Diaz. The season also has in repertory Madame Butterfly with Anna Tonowa-Sintow in the ti-tle role conducted by Miguel Gomez Martinez, as well as Samson, Anna Bolena, La Traviata, I Capulcti e 1 Montecchi, Die Meistersinger and

Metropolitan Opera (Opera House): The week features the season's first performance of Cavalleria Rustica-na and Pagliacci with Hildegard Behrens and Sherrill Milnes joining the repertory of Porgy & Bess, con-ducted by James Levine, with Ro-berta Alexander as well as Neeme Jarvi conducting August Everding's production of Khovanshchma, with Natalia Rom as Emma, Florence Quivar as Maria and Wieslaw Och-

Nov 1-7

Quivar as Maria and Wieslaw Ochman as Prince Golitsyn. Lincoln Center (382600).

Tango Argentino (Mark Hellinger): After a sold-out programme at City Center in June, this troupe of 30 of Argentina's top tango dancers, choreographed by Claudio Segovia and Juan Carlos Copes, takes a fiveweek turn on Broadway. Ends Nov 10. (1377064). 10. (13) 1004).
New York City Opera (NY State): Last season's premiere production of Philip Glass's Akhnaten is back in a

week that also includes Andre Serweek that also includes Andre Serban's new production of Norma, conducted by Richard Bonynge with Clivia Stapp in the title role and Robert Grayson as Pollione as well as Turandot and The Merry Widow, Lincoln Center (2705380).

Dance Theater Workshop: Rurly Perez Performance Ensemble from Los Angeles presents the premiere of Urban Toys among a mixed repertory. Kamikaze Ground Crew from Sun Francisco performs with the Musical Wing of the Flying Karamazov Brothers, a juggling ensemble,

not be continuing invitational Border Crossings celebrating the venue's 20th anniversary. 219 W. 19th St

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FINANCIAL TIMES

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Tuesday November 5 1985

Looking for a strategy

outlook under present policies, is becoming increasingly drab. The lateat forecast from the London Business School, which sees growth subsiding to an annual rate of 1½ per cent over the next three years, with a rapidly deteriorating current eccount and almost unchanged unemployment may, of course, be inaccurate but it is not far from the current consensus. Some City forecasters, indeed, would regard it as over-optimiswould regard it as over-optimis-tic. With friends like these, the Chancellor must privately muse, who needs an effective Opposi-

What is certain is thet no plausible forecast suggests that the British ecocomy is likely to take even the first step along the road marked out in the "strategy" published by the Confederation of British Industy today as an inspirational prelude to its annual conference in Herogate, This is not in fact a strategy at all, but the usual mixture of horse sense, exhorta-tion, special pleading and sheer wiabful thinking which we have come to expect from Centre Point — a sort of industrial revivialism.

Desirable

The call for sharply accelerated growth, with no clear idea of how it might be achieved, is not a policy statement at all, hut a rough calculation of British nic potential on the most favourable possible assumptions. However, it may bave some use if it makes policy-makers more impatient with the achievements we can ectually expect; and the CBI's relatively few specifics are nevedtheless well worth repeating, even though we have beard them before,

background for planning and investment. They strongly support UK membership of the Euro-pean Monetary System. They would no doubt feel highly encouraged by the suggestion in the LBS review that membersbip is not only desireble but likely to become a fact within

THE medium-term economic outlook, under present policies, is becoming increasingly drab. The lateat forecast from the London Business School, which

that a steady strategy should leave room for new policies; most interestingly, they seem more concerned with tax reform than with tax reduction, and regerd reduction as the bast opportunity to echieve reform. We bave long supported all these proposals and the Chan-cellor would no doubt priva-tely concur—though he would not support another CBI hardy annual (also worthwhile) a call for higher spending on the infrastrucure.

It is only in this last proposal that the CBI seems to suggest, even hetween the lines, that the Government should be doing something to stimulate growth rather than simply providing the conditions in which industry can do the job; but public investment is in this context a form of reflation. Indeed the CBI specifically argues that the CBI specifically argues that it is an economically productive alternative to supporting a large unemployed population. To judge by the current leaks end rumours from Whitehall the Government Itself is edging towards this point of view Some unplanned spending, in-cluding infrastructure invest ment, has survived the Star Chamber examination end the Treasury is now seeking to make faster asset sales so as to leave room for tax cuts despite this over-run.

The industrialists are above all concerned with a more steble background for planning and inprove, argues implicitly sales will have to he repeated year after year, it argues to cover a continuing revenue deficiency. However, if growth does accelerate a little, the revenue gap will close Itself. likely to become a fact within The Government's determina-the next few months—but here tion to cut taxes is no doubt perhaps the wishful thinkers more party-political than Key-are in Regent's Park rather than nesian, but the effort could yet

China puts on the brakes

CHINA'S announcement yesterday of a ban on many vehicle imports over the next two years is the clearest sign yet of its determination to stem the outflow of foreign exchange and preserve its dwindling foreign exchange reserves.

A rusb of imported cars began in the last quarter of 1984 and accelerated throughout the early part of this year. Along with the flood of imported household goods, it was one of the chief reasoos why these reserves bave run down over the past year at an alarming pace—alarming, at any rate—to the usually prudent Chinese.

The country's appetite for imported goods, since the door to the outside world was opened by Deng Xiaoping, has proved voracious: total imports of cars, jeeps and tourist mini-buses in the first quarter of this year reached 27,461 — small in absolute terms but an emphatic increase over the figure of 2,889 for the same period last

Refrigerotor sales to the first three-cuarters of this year were up 500 per cent over the same period lest year, electric fan sales up 150 per cent, and those of washing mechines 100 per cent. The Chinese consumer is being allowed to flex bis muscles and the result is

The effect on the country's The effect on the country's trading position and its foreign exchange reservea has not been beneficial. When, at the end of October, Peking finally published its foreign exchange reaerve figures for the second quarter of this year, they showed that the country bad \$10.8bn in foreign exchange at the eod of June, down from \$11.3bn at the end of March.

Experiment

This was not as bad as the S7bn to \$10bn forecast by some observers but was nevertheless e substantial drop from the figure of \$16.3bn at the beginning of October last year, just belore the wave of imported goods and contract signings began to roll. China is on its way to recording a trede deficit this year, many times larger than last yeer's \$1.1bn deficit.

An element of atop-go elways seemed probable in China's unique economic experiment. A country starved for so long of consumer goods was likely to the tiller is clearly required to

consumer goods was likely to over-indulge itself at first, and then introduce restraint to let export earnings catch up.

The anthorities have, for increasingly greater central control over the economy, reversing an earlier trend towards devolution of power perhaps too hastily awarded to the provinces and cities.

The measures range from an import regulatory tax which increased duties by 80 per cent on some foreign goods, including cars, to a change in tech-nology purebesing laws. Local authorities now have to get central approval before contracts for technology imports can be finalised. Other measures, including a han on the import of some items such as soft-drink production lines, are now under consideration.

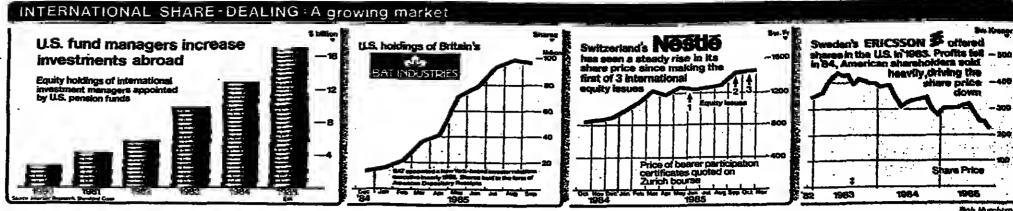
Antiquated

Clearly, for those who trade with China, this trend la a worrying one. It evokes memories of the daya when China concluded long and expensive agreements with foreign trading partners only to back out at the last minute. Chinese officials who now say Chinese officials who now say that Peking will bonour existing deala can only be taken at their

The central problem, as the World Bank rightly points out in a mejor atudy of the country's economy officially re-leased last month, is getting China's exports moving.

Purchase of foreign con-sumer goods has pre-empted the foreign technology needed to moderniae China'a antiquated technology. An ineffi-cient Chinese industrial sector ls unable to compete effectively on world markets. China is elso on world markers. China is easo faced with the mounting protectionism in its developed country markets. The aeventh Five-Year Plan has, as one of its main planks, the increase in export income and this clearly has to remain a priority for the immediate future.

INTERNATIONAL EQUITY MARKET



Round-the-clock trading brings a new challenge

By Alexander Nicoll

earb offered shares in London in October. All are among the world's biggest companies in their respective fields.

None of these shares, bowever, will be listed on the London Stock Exchange. In fact, very few Stock Exchange member firms bave been involved. The mechanisms employed—with no price discounts and no righta for exiating shareholders—were a far cry from traditional Britisb practice.

Everywhere, the equity major British and European share offerings now include portions to be sold outside iomestic markets. An international approach to share issues attracts companies because they believe that a broader international shareholder base will make for o higher and steadier share price — thus making their shares more useful in acquisitions and

> Some, especially from Scan-dinavia, have turned abroad hecause their home markets are too small to raise sufficient It is no coincidence that the

move towards globally issued and traded equities is similar This process poses great challenges for regulators, stock exchanges, investors and for A leaping of established

boundaries

by adequate standards of disclosure, accountability market prire visibility, trade reporting, and regular dissemi-nation of information about in many ways to the beginnings of the Eurobond market 20 years ago. Major players in that market; which bas seen a record \$100bn of debt issued quoted companies. Stock exchanges are having to fight to retain business hy spending heavily on technology, extending trading hours and forging links with other so far this year, are also prime movers of the new equity market. "Many of the forces

Regulators must ensure

that investors are protected by adequate standards

FOOD manufacturer, a

communications concern, a reinsurer and a bank

each offered shares in London

Everywhere, the equity market is leaping established

boundaries. The four issues, by Nestle of Switzerland, Italy'a

STET, Swiss Reinsurance and Swiss Bank Corporation (SBC), are part of a globalisation of the equity market that is challenging assumptions about where and how to issue shares, and about who will own and trade them.

trade them.

The revolution has not only

The revolution has not only embraced issuing methods. A round-the-clock trading market has begun to develop in the shares of the world's biggest companies, both outside domestic markets and time zones and away from stock exchange trading floors: the so-called "upstairs" or over-the-counter market.

This process pages great

companies.

London's Stock Exchange has heen stung by the global equity market into seeking technological and trading links with US exchanges. In a separate effort to keep some international share trading within its grasp it is also evaluate the stock of the seeking technological and trading links with US Yassukovich, chairman of exchanges. In a separate effort to keep some international share trading within its grasp it is also evaluate the second services and the second services are not seeking to the second services and the second services are not seeking to the forces which led to the international isation of the debt market are now at work in the equity market. "Many of the forces which led to the international isation of the debt market are now at work in the equity market, "says Mr Stanislas Yassukovich, chairman of the second s gical and trading links with US
exchanges, In a separate effort
to keep some international
share trading within its grasp,
it is also exploring a joint what have been called Euroinvestment exchange with equities, issues of which are
foreign hankers as part of the organised and distributed,
current shake-up of the City's
structure,
It was the Stock Evchange's

desired result. Most corporate to tap every available funding for its parent treasurers, however, do not source as economically as need a rationale as specific as possible. It has raised SFr 950m and for shares that are already institutions. This to make them go international. Many US and most Euro-equity issues swiftly dismanagers who, to beat the comhad to do the

tributed through the Eurobond syndication system. Its first foray was followed by several others, of which the most claborate has been Swiss Bank Corporation's: separate under-writing syndicates were formed in no less than 10 countries. Mr Hans-Joerg Rudloff, deputy chairman of Credit Suisse First Boston, which is the largest Eurobond issuing house and has led the Nestle and several other issues, sees vulnerable to a takeover misconreptions about the new market. "There are no inter-national equities," be says dis-armingly. "What we have are armingly. What we have are domestic shares distributed internationally. We are simply adapting the Eurobond under-

> Despite the participation of leading Eurobond firms, issues such as Nestle's do not end up in the same hands as bonds. Bonds are moved quickly into the bands of banks and other institutious who are likely to trade them beevily. More enduring homes need to be found for shares, to prevent "flowback"— rapid sale back into the issuer's domestic market.

If this happens, it leaves the managers with bandsome fees, foreign investors with e quick turn, and finance directors having failed to achieve their objective of a broader sbere-holder base and a sounder share price. After tranches of initial offerings by British Telecom and Reuters were sold in the US last year, for example, many shares quickly flowed back across the Atlantic.

"We try to find out long before an issue who the prospective buyers are," says Mr Rndloff, "When you place structure, the rapid network of the EuroIt was the Stock Exchange's bond market—a market which, refusal to allow an international placing of shares which provoked BTR, tha British industrial holding group, last month to make a £200m Eurobond issue which is quickly convertible into equity—thereby taking advantage of a loophole in the rules to achieve its desired result. Most corporate to tage years available funding for its parent.

The rapid network of the Eurobond market—a market which, honds, you are not concerned about who the end-investors might be. An equity offering must be structured so that shares will stick," adds Mr Andrew Large, chief executive of Swiss Bank Corporation International, the London-based investment banking arm which managed the complex offering for its parent.

build global portfollos. Thanks to modern munications, they now bave rapid access to information from foreign atock markets. It was not difficult for them to spot that the markets offering the bighest capitol appreciation were away from home — most notably, in Japan.
For investors, the emergence of the global view has created new opportunitiea. Today, fund managers and stockbroking analysts increasingly compare the performance of domestic

companies with that of their foreign competitors—looking at Hitachi and Siemens as well as General Electric, and taking investment decisions occord-ingly. Buying demand can also writing and syndication system to fit sbare issues." be tapped in sectors which do
not exist domestically — for
example, US private health
companies have found a market
for their abares in Britain,
Duty slobalisation also pro-

But globalisation also pre-sents pitfalls for companies and investors. Sales of sbares by foreign investors can have a catastrophic effect on prices, particularly if the domestic market is not large enough to absorb them. US investors have sometimes proved to be

sometimes proved to be particularly unsafe bands.

Investors need to he aware of wide differences hetween accounting principles from country to country. They must keep up to date with information about foreign companies and investment conditions. Even professional fund managers may all too easily he talked into huying shares in companies into huying shares in companies which they are unable independently to assess.

Companies must therefore

companies must therefore ensure that results and strategies are well understood by foreign investors, both existing and potential. This has produced a whole new industry: investor relations. Already quite common in the US, investor relations managers have begun to be appointed in Britain, and ore taking their top executives around the world on "roadshows" to brief stock-hroking analysts and investing and potential.

This has produced a whole new industry: are sceptical about the size of the gome. The regulators need to he sure that there are adequate standards for them to market, though they see the market, though they see issued to international investors in the primary merket. According to Or as Goldman Sachs, one of the biggest players in International equities puts it: "We have to learn the rules of the gome. The regulators need to he sure that there are adequate standards for them to meet, and that investors are sufficiently secure.

Or as Goldman Sachs, one of the biggest players in International equities puts it: "We now consider the commitment

Major British companies have of a stock is still set on its home had to do this not only because stock exchange."

of recent new offerings, but because their shares have become among the most actively traded outside their established domestic secondary market.
This may be a result of the London Stock Exchange's fixed commission structure. now being dismantled. Figures for the bigh proportion of trade in top UK equities, such as Imperial Chemical Industries. Glaxo and BAT Industries,

transacted by US hrokers are often quoted. But the actual size of the "npstairs" global market is difficult to gauge.

Mr Yassukovich of Merrill Mr Yassukovich of Merrill
Lynch says his firm makes a market in international equities ments for foreign issuers when off a single book, which is passed daily from Tokyo to Lon-

The regulators to act quickly

don to New York, and back to Tokyo. In some stocks, particularly Japan, he says, activity rivals that of domestic market.

The Securities and Exchange Commission, which regulates US securities markets, this year sought comment on many aspects of the global equity market. In the absence of any official research it used as a starting point work done by Euromoney magazine. This year the magazine identified 328 (up from 236 last year) internationally traded companies, defined as those with at least one active

hroking analysts and investing genuine over-the-counter international market. The real price of capital and the distribution

Perhaps the greatest question mark about the development of the new market lies in the grow-ing interest of the regulators. The SEC has so far simply ottempted to start a debate, and ottempted to start a debate, and hes not yet suggested new measures. It has expressed concern, however, that "there are few surveillance or enforcement mechanisms in place to safe, guard the integrity of securities trading conducted simultaneously in multiple international markets. Frand or manipulation in multiply-listed securities may adversely affect the markets for those securities in the IIS as well as other nations."

There are also protectionist issues: it is more difficult for a foreign company to obtain a US quote than for a US company to raise capital abroad. All issues which ore offered to US residents must be registored with the Securities and Exchange Commission, which sets tough disclosure and pro--tough cedural requirements. Though the agency has suggested several methods to harmonise

The SEC has found that many stock exchanges favour a prag-matic approach. The Toronto Stock Exchange summed up the Stock Exchange summed up the views of many when it argued to the SEC thot total convergence of different countries' disclosure end accounting slandards would never be achieved, and was not necessary. "As long as one can say that the investor's interesta are being protected, marginal differences need not be eliminated."

Britain's Law Society warned, however: "The danger is that issuers will deliberately choose as their principal offering market the jurisdiction which imposes the least stringent disclosure and liability require-

Whatever the regulators do, they will need to act quickly. Shares in the world's biggest companies are already globally traded. Many other smaller

now consider the commitment of securities, both equity and deht, on a global basis.

Baring for the battle

'A co-operative" may not be the description that springs to most people's minds when they think of Baring Brothers, London's oldest (223 years) merchant bank and one of its most eminent. But this was the phrase being used yesterday to ald understanding of the rather bizarre structure that Sir John Baring, the chairman, and his colleagues have devised to taka Baring's forward into the City revolution and beyond.

Full ownership of the bank will pass to the Baring Founda-tion, a charity wblcb already bas 74 per cent. But voting control stays with the directors of the bank. Where, though, does this leave the Baring family itself?

Sir John remains chairman, and there are six other Barings, two of whom are directors and four working their way up through the bank.

The directors include Nicholas Baring, Sir John's fourth cousin, who is also chairman of the City Capital Markets Committee, the influential group of City professionals that studies major City

The seven top executives include four non-Barings. Two to watch are Andrew Tuckey, 42, who will be responsible for the bank'a key capital markets and corporate finance activities, and Miles Riveti-Carnac, 52, and Miles Riveti-Carnac, 52, and finance activities, and Miles Riveti-Carnac, 52, and 52, an

Men and Matters

Baring'a New York office.

Capel's chair The news of Peter Quinnen's appointment to the chairman ship of James Capel was greeted with something less than estonishment at the stockbrokers' City offices yesterday. Quinnen bad been identified as a high fires allower few day.

a high-flyer almost from the day he arrived at Capel, as an equity salesman, in 1972. In his rapid rise through the ranks, be was clearly being groomed as a potential auccessor to Reith Heathcote, the chairman and chief executive, whom he will replace at the beginning of next

Still only 40, Quinnen will be the youngest chief of any leading City stockbroking firm.
With e degree in law and a background in chartered eccountancy, he will bring a variety of diaciplines to the job;

Acceptances and later opened holding to 100 per cent next Baring's New York office. March, Quinnen will have his work cut out keeping Capel at

Finniston runs

Michael Finniston, aged 42, who has become accustomed to jog-ging in Central Park, New York each morning for the past three years ("It enables me to eat and drink what I like during the rest of the day") will be able to continue his bealthy exercise in his new job. After beading up Samuel

Montagu's US merchant banking operations be has joined London and Cortinental Bankers (LCB) to lead an assault by that bank on the US merchant banking scene. The new office will open in New York at the beginning of next year and will, says Finniston, atart by concentrating upon mergers and acquisitions, and general corporate finance advisory work.

banks) in west Europe and Canada. They include the DG Bank of West Germany, Credit Agricole, France and the Rabo-bank Nederland, Holland.

Union beat After Band Aid and Live Aid

comes . . Union Ald, Well, not quite; but making an attempt to get into the traditional Christmas pop record lists this year will be a festive single year will be a festive single written by someone not normally jostling for space with Madonna, A.Ha, or the Thompson Twins—Norman Willis, general secretary of the TUC.

Willis has written the words

. Willis has written the words and music for a single, titled Rhyme to Buy Time, in an effort to help raise money for a Save the Children Fund appeal being organised by tha Inland Revenue Staff Federation. The IRSF bopes to raise £75.000 for Tibetan refugee children in India,

The record is being made by Chris Stern, with support from Linda Ridgera-Walte. Both ere members of the IRSF's executive committee. Stern, a musitive committee. Stern a musician for 15 years, thought a record might be belpful to the anneal after hearing a professionally recorded demonstration

of his own work.
Tony Christopher, IRSF

The seven top executives include four non-Barings. Two to watch are Andrew Tuckey, 42, who will be responsible for the bank'a key capital markets and corporate finance activities, and Miles Rivett-Carnac, 52, who will run securities treding operations for the past few years.

Tuckey, a chartered accountant worked on financial planning for British American Tobacco before Joilning Baring in 1968. He established the bank's fice in Hong Kong in the early 1970s but has hasically been concerned throughout with the corporate finance and capital markets as described in the carly 1970s but has hasically been concerned throughout with the corporate finance and capital markets aside.

Rivett-Carnac, a former naval commander, joined Baring 15 years ago. He ran the bank's South African operation until it was merged with Union to the comporate finance and capital markets side.

South African operation until it was merged with Union to the comporate finance and capital markets side.

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Letters to the Editor

The unemployment trend

From Mr C. Trinder
Sir,—Under the heading
"Jobless total down by 4,000"
(November 1) Philip Stephens, (November 1) Philip Stephens, your economics correspondant, writes "A sizcable part of the improvement is attributable to the expansion of job-creation schemes announced by the Government in the spring. At the end of September some 671,000 people were covered by special employment measures. reducing the recorded level of unemployment by 495,000. At the end of March the measures were taking only 450,000 off the fobless register." It is not clear that this assertion and the figures quinted to support it tell the whole story. Table 1—Official estimates of direct effect of the special employment and training measures on the recorded level of unemployment and training measures in Great Britain

Thousands

Scheme End Thousands

Scheme End Thousands

Scheme End Community programme but, as table 2 shows, the total numbers covered on all the schemes at the end of September 1985. The community programme shows a rise of 28,000, but the young workers scheme a decline of 32,000. Toble 2—The number of people covered by the special employment and training measures in Great Britain

Thousands

Scheme End Thousands

Scheme End End of Sept Sept programme 1985 1984

Community programme but, as table 2 shows, the total numbers covered on all the schemes at the end of September 1985 is slightly smaller than at tha end of September 1985 of 20,000, but the young workers scheme a decline of 32,000.

Toble 2—The number of people covered by the special employment and training measures in Great Britain

Thousands

Scheme End End Of September 2985

Scheme a decline of 32,000.

Toble 2—The number of people covered by the special employment and training measures in Great Britain

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Toble 2—The number of people covered by the special employment and training measures in Great Britain

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Scheme 5 29000.

Toble 2—The number of people covered by the special employment and training measures in Great Britain

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Scheme 5 20,000 of September 2000.

Toble 2—The number of people covered by the special employ

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claimants End Thousands 1984 455 440 440 440 440 415 1983 365 355 340 330 320 Month March 450 April 445 May 425 June 420 July 415 August 385 Sept 495 Sept 495 490 395
The official figures on this subject are not seasonally adjusted. The March figures are

adjusted. The March figures are always lower than the September ones. Although the register effect in September 1985 is 5,000 bigher than in September 1984, it may be unwise to take one month's figures in isolation. The 3-month average July-September 1985 is 16,000 a month below that of July-September 1984. The big expansion seems to have come in 1984 and has not been repeated in 1985.

Time-consuming customs

From Mr M. Johnston

Sir.—Having spent an inordinate proportion of my life in the freight hall at Dover Docks, I read (October 22) with real appreciation that the Har-bour Board is to spend film upgrading this facility. Import-ing freight into the UK via Dover is a very time-consuming process, par for the course being around six hours, and even this time can stretch to around nine or even 12 bours

This fact must affect the competition between the proposed fixed link to France and the existing ferry services. The fixed link supporters make great play of the fact that their cross-ing time will be less than one Earlswood, hour, compared to the two Chepstow, Gwent.

Government officials refer to the current expansion of the community programme but, as

40 allowance

Others Total 671 In the absence of a seasonally-adjusted series for the register effect of the special measures, It is not possible to see exactly It is not possible to see exactly that change in the underlying rate of unemployment, but during the six months April-September 1985 these measures did less, by an average of 13,000 a month, to keep the total down than in the corresponding period in 1984. The flattening out of the unemployment trend during the past six months does not seem to be due. months does not seem to be due to an expansion of special measures because they have in fact been reduced over that

period. C. G. Trinder, National Institute of Economic and Social Research.
2 Dean Trench St. SWL.

hours, including boarding of the ferry. If however, the same customs facilities apply to freight then as now, this will be a not very significant hour saving in eight. Many drivers will then prefer the rest on the boat.

The winner of this Incrative freight trade will definitely be the operation which persuades H. M. Customs & Excise to increase its staff by a factor of five or even ten. Only by doing this will the transit time through customs of the million plus, and rising, lorries per year be reduced to the balf bour of most EEC border points.

M. T. Johnston.

Trend of real exchange rates

From Mr K. Skeoch and

Mr G. Dennis Sir.—Professor Marris and Mr Martin made a number of extravagant claims in "New light on the trend of real exchange rates" (October 30). These claims arise from a fun-damental confusion between two versions of the purchasing power party (PPP) positilate. The manifest overvaluation of the dollar and the corresponding undervaluation of other currencies, particularly the Japanese yen, has led to PPP becoming a fashionable buzz word. In many instances, bow-ever, the concept is pushed too far and the Marris/Martin articla is a case in point.

The authors claim to avoid The authors claim to avoid the need for using e base date for their calculations by utilising differences in absolute price levels. Paul Samuelson, the distinguished Nobel laureate, pointed out over 20 years ago that this method of comparison is only valid if the price indices utilized are for costlessly interutilised are for costlessly internationally traded goods only and hava the same commodity weights. Tough conditions, indeed so tough that if fulfilled the comparison becomes trivial as it reflects mere commodity

Even if we give them the benefit of the ddubt as to wbether these conditions are whether these conditions are fulfilled, the anthors then con-fuse this trivial case with the more interesting version of PPP, which relates movements in relative prices to exchange rates. If the above conditions are fulfilled, a world equili-brium price is determined and an index of domestic to foreign an index of domestic to foreign prices (eppropriately calcu-lated) should test whether adjusted domestic prices have developed in conformity with such a price. At the equili-brium relative price, given world prices and interest rates, there will be full employment at home, and the current account of the balance of payment will be in equilibrium. Serling, with the implied DM/serling price comparisons are meaningless unless they are chosen by reference to a base date where a country is at or near this equilibrium. Hence, analysis of the balance of paymature of such calculations is there will be full employment date where a country is at or near this equilibrium. Hence, analysis of the balance of payanalysis of the balance of pay-ments position and its long term sustainability is essential when deciding on the eppropriateness of a given set of relative prices.

economies were close to such equilibrium positions in 1975—
a very debatable point, given the large change in the policy environment after 1979. This is also a logical flaw, insofar as the comparison of any basket of goods in different countries requires e common currency

and hence, exchange rates for conversion purposes; the chosen rates therefore implicitly identify the choice of base date for comparison. To argue that bistorical PPP values may be identified for a given year, then built upon to the present day, begs the critical question of whether the relevant economics were close to equilibrium in

1975. Any choice of base date

(for one must be chosen) is at best subjective and at worst arbitrary. Returning to more practical issues, the eboice of the price Index, as Samuelson pointed out, is critical and the authors out, is critical and the authors are correct to point out that an index of traded goods is the correct theoretical measure. The main difficulty is actual measurement. The anthors use of tha GDP deflator which has a large element of non-traded goods are consumert services. goods, eg, government services, is clearly inappropriate. The use of price measures which come out with a lag of np to six weeks with the GDP deflator or around a month with con-sumer prices surely invalidates the authors' claims that "our numbers are uniquely up to date and can produce spot reports within minutes of receiving market reports" as

the relevant price information is not available. To avoid the charge of being purely destructive, we have to edmit that we play the PPP game, too. Our approach has been to use average 1978-82 exchange rates as a base for the calculation. This, at least, has the merit of being both recent (and therefore relatively immune from structural changes immune from structural changes in trade flows) and embraces periods of both dollar weakness and rebound. We do not claim that our approach is without compromise; at least, however, we recognise the base date

problem. On this basis, we suggest PPP The broad conclusion from the Marris/Martin article is that tained in the article is that the US current eccount deficit current levels but there is little new in that.

Keith Skeoch (Chief Economist), Geoffrey Dennis (International Economist). James Capel & Co., 100 Old Broad St, EC2.

The pantomime over pay

From D. Fagandini

Sir.—I am surprised that you found it difficult in your editorial (November 2) to Identify the reasons underlying the level of industrial wage and salary settlements in recent

We are all aware that the UK Is still a low wage and salary economy when compared with its major industrial competitors. This has largely been a consequence of the persistent indus- D. A. A. Fagandini, trial over-manning and over- 6, Alleyn Park SE21.

staffing of which we are also all eware.

Consciously - more probsbly nnconsciously - industry in responding to governmen overall policy, is slowly correct-ing the position. Eventually this should lead to an increase in the ootput from our educa tional system of industrially oriented citizens. If product vity rises broadly in parallel what real objection can there be to this trend?

Museum charges and visitors

From Professor W. Elkan

Sir, - Mr Tonks' (October 31) first flaw in my argument regarding museum charges, that success may ceuse the Govern-ment to reduce its grant, is well taken. That is indeed a risk. Universities trying to raise funds privately go the sama risk but since their grants are being cut in any case, they have no alternative.

His second misgiving, that a request for a specified donation will deter people at the bottom rungs of the socio-economic ladder is not well founded. What little evidence there is does not support him. Visits to stately homes, to local authority museums, which make admission charges and to Madame Tussand's are much less heavily biased to the upper income

strata, though admittedly, even here those at the bottom are under-represented. The reason may however have much more to do with where people feel at home than with cost of admis-sion. If Coveni Garden Opera were free many more would want to go, but I would be sur-prised if people from socio-economic categories D and E would go in proportion to their number in the population. Many museum staff now recognise that making people feel more at home in museums is the best way to attract greater numbers.
Hence the much greater
emphasis on display and
explanation—and on shops and
cafeteria beamed at "the

cafeteria masses." (Professor) Walter Elkan, Brunel University. Uxbridge, Middlesex.



Spring forward – by two hours

irrefutable argument pot forward by Clive Wolman (October 25) for England to remain on "Common Market" time all the

year round.
British businessmen bere who strive to obtain orders from Europe for England find it incomprehensible that in our decfound a way of changing the status quo resulting from a free vole in the House of Commons in Edward Heath's time.

The children in Belgium, Hol-

and their economies are doing Sir, - I write to support the much better than ours. Further more, their cows don't object -

European manufacturing businesses start work at 07.30 and many telephone their orders at 07.35. Not many British manage ments are at work at 07.30 and, for the enlightened few who are, the Government makes it harder lining economy our "business- for them to get orders from men's Government" has not Europe by keeping England's clocks one hour behind Europe summer and winter.
All we can bope for now is that the clocks will go on 2 bours next spring.

land, northern France, Germany,
Denmark, Sweden, Norway, Finland and, of course, Russia, go
to school in the dark in winter

106 Route de Courmettes,
06 Tourrettes-sur-Loup, France.

Intrusive actions by US

From Mr P. Ashdown, MP
Sir,—I read with more than
passing interest your report
(October 11) which suggested
that the Government is to permit US officials to inspect the sales invoices of UK companies involved in export trade in high technology.

Not only is the American law, under which those inspections are supposed to be conducted, illegal under international law, illegal under international law, as noted in the UK and EEC notes in the wake of the Siberian gas pipeline fiasco, but that law, the US Export Administration Act 1985, has always been rejected by the UK Government. More recently, the Attorney General wrote to me declaring that attempts by the US to apply their Export Administration Act in this country are fillegal and an intringement of UK sovereignty. I have had considerable correspondence with exporters affected by earlier less intrusive

affected by earlier less intrusive US actions in the field of high technology exports. It now seems that the Government has ahandoned all pretence of

1 hope to raise this matter in the House of Commons sbortly. It is vital that Parliament sbould know specifically bow serious is the erosion of sovereignty that is occurring the lift to the resident that it is the lift to the resident that it is occurring that it is the lift to the resident that the resident the r bere in the UK under the pre-sent Government. It is equally vital that someone should try to protect UK companies from this kind of activity, sinca the Government seems unwilling to. Of course the problem is much more difficult where US subsidiaries are concerned. Nonetheless these companies should know that what they are being asked to do is illegal, and that UK citizens employed by that UK citizens employed by them are put in serious jeopardy by such activities. US law as Mr Tebbit is so fond of telling us, does not apply in the UK and any attempt to apply it is both illegal and a breach of sovereignty. Paddy Ashdown.

Paddy Ashdown. House of Commons, SW1. **Index-linked financing**

Munager Marketing, Halifax Building Society Sir,—The Halifax index linked lending scheme has been designed specifically to avoid some of the general problems of indexation set out by Mr Bowie on October 29.

The basis of the Halifax scheme is matching funds raised with funds lent. The lending is to professional bous-ing bodies to enable them to provide rented accommodation. PO Box 60, some of which will be on a part Trinity Road, rent part ownership basis. The Halifax, West Yorks.

Evidence on heart disease

loan.

From Professor J Shillingford Sir.-Much medie attention

has been focused recently on the relationship between food and heart attacks and, if some of the advocates are to be believed, it is the all-important factor in the development of beart disease. There is no proof

One person in ten dies of a protracted beart attack before the age of 70, but there is no evidence to suggest that his or her diet is any different from that of the nine who survive.

lifestyle are to be encouraged, it would be tragic if the public were to be persuaded that heert disease is solely due to our eating habits.

ship to income than would a

bouse price index. Fair rent

levels have corresponded reasonably with RPI since first

In shared ownership schemes the proportion purchased will

funded by a conventional

It is generally agreed that many factors contribute to the disease, including family history and smoking, together with others we do not yet fully understand. Therefore, much protracted research still remains to be done to beat this killer disease.

Professor J. P. Shillingford, (Consultant Medical Director), British Heart Foundation While a bealthler diet and 102 Gloucester Place, WL

ON A booklined shelf in David Henderson's office at the Organisation for Economic Co-operation and Development in Paris stands a colonred graph

showing that Concorde cost the British taxpayer £2.13bn et 1975 prices between 1962 and The chart gives some inkling of the message that Mr Henderson, head of the OECD's economics and statistics department, will be delivering on BBC Radio during the six weekly Reith lectures, "Innocence

and Design," starting tomorrow. Mr Henderson is a 58-year-old Sbeffield - born professional economist who looks like a cross between a doo and a Presbyterian clergyman. He believes in opening up markets and, perhaps more importantly, minds.

The Reith lectures on Radios 3 and 4 and the World Service will provide a rare opportunity for an internstional civil servant to expoond his views before a wide public.

The lectures may also, indirectly, supply listeners with an idea of the role—and the limitations—of the OECD, the 24-nation organisation that acts as an economic talking shop for the industrialised world.

Mr. Handerson toined the

Mr Henderson joined the OECD two years ago after 35 years of teaching and practising economics at Oxford, the Treasury, the Aviation Ministry, the World Bank and University
College, London. He will be
using the lectures to explain
why the world would be a better nlace if governments intervened

The Henderson view is that even governments like Mrs Thatcher's, which claim to be ilberal, are guilty of disturbing free operation of markets across a range of areas, and end up reducing rather than increasing overall well-being.

Mr Henderson is a staunch supporter of the OECD's perennial efforts to reduce protectionist pressures in inter-national trade and payments. He bas a certain agnosticism over the broader macro-economic Keynesian-versus-monetarist controversies which bave divided so many of his fellow economists. But he has become especially interested in how dirigiste trade polices can undermine overall economic performance.

Trade restrictions, he believes, are all the more dangerous and difficult to fight dangerous and difficult to fight because they are applied by politicians, and supported by ordinary people, in the belief that they are simply carrying out measures of common sense. Import restrictions on Japanese cars or Third World textiles push up prices for consumers (wim in the latter case are probably relatively poor people).

lines—be describes nimset as some form of tax-based incomes policy.

There are other limitiog cases too. Mt Henderson is an architecture lover who during his time as a Fellow at Lincoln College belped shake up the sak yourself why it is that markets should not be allowed to function reasonably freely," he joined the Victorian Society be says, You're more apt to see

The Reith lecturer

The case against D-I-Y economics

By David Marsh in Paris



• David Henderson: deceptive manner

businesses at home. Aid for EEC farmers results in expecsive stocks and cut out develop-ing country food exports.

Trade restrictions, says Mr Heoderson, add up to a "slightly less than zero sum game." Far better, be says, to let the price mechanism alone determine demand for products from milk to videotape recorders.

Mr Henderson is particularly scathing of high technology programmes launched by govern-ments to satisfy industrial pressure groups and/or the desire for prestige and national

self-sufficiency.
Britain's advanced gas cooled nuclear reactor programma and Concorde bave already beeo labelled by Mr Henderson in radio talks a few years ago as two of the three worst civil investment decisions in the history of mankind. (The other was the Soviet counterpart to

Concorde.) Mr Henderson's manner professional mildness can be deceptive. His eyes can glint dangerously behind large glasses when listeners fail to follow bis reasoning, But the Henderson creed.

which cuts across Left-Right lines—be describes himself as

reduce taxpayers' overall need not be regulated."
purchasing power and can threaten unsubsidised rival businesses at home. Aid for Treasury (which he joined as a Keynesian, like everyone else in those days) in 1957-58. He found civil servants falling Into traps over allocating national re-

> sources. "I was working in Her Majesty's Treasury and found a bloke lbere—he laler went on to become a Permanent Secretary—who was looking at investments by nationalised industries like coal or the water supply in terms of what be thought was intrinsically good—when what really mattered was the rate of return at the margin," he says.

Mr Henderson insists that his economic training and experi-ence gives him "a different way of looking st things" compared with the politicians, officials and ordinary people who practise what he witheringly calls "do-ityourself economics," But this is a lool-not a recipe for alternative policies, he emphasises.

In the lectures he does not, perhaps regrettably, go into the controversial question of wages, unemployment and the labour market. He does not plead for totally untrammelled wage fix-ing mechanism and be believes it may be "helpful" to have some form of tax-based incomes

Subsidised export credits that thiogs which are regulated destruction of the Euston railway station arch.
He believes that property development should not go ahead on pure free-for-all mar-ket principles without controls to foster conservation.

He backs away from being overly dogmatic on Concorde. It is just conceivable, he says, that non-tangible benefits—the pleasure which the public takes in seeing the Queen Mother go on a supersonic birthday flight — might compensate for the monetary loss collectively borne

by taxpayers. He says his lectures have no bearing on his work for the OECD, where he is in charge of the large economists team preparing forecasts and eco

nomic analyses. The OECD, with no funds and no decision-making power of its own, has always had to steer delicately a ouddle course between adapting its thinking to the views of member govern-ments (above all the US) and putting forward solutions of its own. Jean-Claude Paye, the present Secretary General, describes the OECD as " a place where policy makers can meet and discuss their problems . . .

for intellectual persuasion."

Some economists within and outside the OECD believe the organisation, despite its clear constraints, could do more in the way of "selling" macro-companie realign entires; for economic policy options; for instance over co-ordinated ways

of modestly reliating demand, Mr Henderson points, how-ever, to the limits. "We do go quite far sometimes in suggesting alternatives . . . but we ate not there to tell governments what to do."



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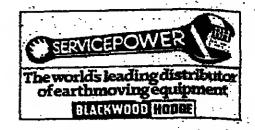
odnk of Scotland Money Market Cheque Account

RHÔNE POULENC



FINANCIAL TIMES

Tuesday November 5 1985



British electricity board to buy US uranium

By Maurice Samuelson in London and Mary Frings in Dallas

THE BRITISH electricity industry has signed long-term contracts for uranium with two US mining com-panies following a decision to dis-continue purchases in Namibia because of the political unrest in

Everest Minerals Corporation, of Corpus Christi, Texas, and Energy Fuels (Nuclear), of Denver, Colorado, will each supply 3.5m pounds (1.6m kg) of uranium to the British electricity industry over a 10-year period starting in 1987. Together with a bigger Canadian contract, the deal means that all the uranium for Britain's power stations will for the foreseeable future come from North America.

by the Central Electricity Generating Board as long-term replacement for its deliveries from Rio Tinto-Zinc's Rossing mine in Namibia, which were discontinued at the end

According to the CEGB, the Namibia contract, which began in 1976, bad not been renewed because of the political instability in that country rather than the latest turmoil in

neighbouring South Africa. The new long-term contracts as-sure the British nuclear power stations of security of supply since, although possible new fuel sources are being studied in Australia and Canada, no new contracts will be needed until the end of the decade. The industry also cushions itself against unforeseen delivery problems by keeping a stockpile of well over two years' supply.

The deals have been signed at a time of large oversupply in the international uranium market. The present prices are 60 per cent below the 1980 peak of \$43 a pound. The contracts with Everest Min-

erals and Energy Fuels run for 10 years from 1987 and are believed to have a base price of just under \$25 a pound. Although this compares with the present spot market rate of \$16, the CEGB regards the price as competitive in a long-term

The other main supplier to the UK electricity industry is now Rio Algom of Canada, which has a contract to supply 20m lb between 1962

The CEGB, which in 1984-85 burned 1.88m lh, says that in order to assure diversity of supply it would like to have three or four contracts, with each limited to 700,000

Contracts with suppliers are ne-gotiated by the British Civilian Uranium Procurement Organisation. which acts on behalf of the CEGB. the South of Scotland Electricity Board and British Nuclear Fuels. Pressure on SA press curbs,

Pöhl denies move on

interest rates Continued from Page 1

reason whatever to change strate gy, the Bundesbank leader said.

He added that the current level of the German currency (at around DM 2.60 to the dollar) gave the Bundesbank no special worries. It was neither so low as to hring fears of imported inflation, nor so high as to threaten West Germany's export

"From the American or Japanese point of view things look different," Mr Pohl noted. "I can well understand that American politicians and industrialists want to see a further

devaluntion of the dollar." Mr Pöhl's remarks tend to underline the German view that the current imbalance in world trade and currency matters is above all a bilateral problem between the US and Japan. Some German officials thus refer ironically to the New York

Rival for Marcos sought Fermenta after snap election call

BY OUR MANILA CORRESPONDENT

gan emergency meetings yesterday in an effort to select a candidate who could mount a major challenge to President Ferdinand Marcos following his decision to call a snap presidential election.

The calling of an election for Jan-uary 17 also drew warnings from al-

lies and opposition alike that, if the poll was not seen to be fair, the Government's dwindling authority would further suffer and the Communist insurgency would be more difficult to face.

Mr Marcos made the surprise announcement on Sunday night in a US television interview conducted by satellite from his palace-The ailing 68-year-old leader, fac-

ing an increasing Communist chal-lenge and a deteriorating economy, has been under growing interna-tional pressure, chiefly from the US, to call an early election.

The poll will be the first real test of the Philippines leader's popularity since 1969, when he was elected

for the second time. At least a dozen opposition lead-ers bave been mentioned as possible opponents, among them Mr Salvador Laurel, a former Senator, and Mrs Cory Aquino, the widow of Mr Benigno Aquino, the assassinated

BY ALEXANDER NICOLL IN LONDON

showed their higgest underlying fall for 2½ years in October, reflect-ing sales of dollars after the Sep-

The \$324m underlying decline was the largest since a \$328m drop in March 1983. In September, the

fall was \$97m, reflecting a little in-

tervention in currency markets af-

ter officials from the five largest in-

dustrialised countries met in New

UK gold and foreign-currency re-

Continued from Page 1

framework of negotiations and re-

the views of the Soviet leadership,

Izvestia said that the US proposals,

far from reducing warheads to 5,000 on each side as Washington has

claimed, would increase the num-

On the strategic defence initia-

tive - Star Wars - which Moscow

says would prevent any limitation

of offensive nuclear weapons, Presi-

dent Reagan said both superpowers

were conducting research on space

weapons and expressed surprise at

the strength of the Soviet reaction

At the conclusion of the interview be took out of his pocket n red card which he read to the Soviet journal-

Continued from Page 1

was lenient with the foreign perp trators of acts of terrorism on Ital-

The fact is that Italy is the only

European country which has suc-ceeded in locating and bringing to justice almost all those responsible

for terrorist actions on our territo

Italy had suffered in the local press

and foreign media about the Achille

Mr Craxi hit back at the attacks

ber to 18,000.

to the programme.

In what is certainly a reflection of the US.

BRITAIN'S official

York on September 22.

THE PHILIPPINES apposition be the election to "erase doubts regarding the popularity of my adminis-tration." He said he would stand alone, without a vice presidential candidate, "because the issue is

Speaking to supporters in the town of Tarlac, home of Mr Aquino, be said the election was needed because the Philippines required "fir-eign loans, financial assistance and foreign investment from abroad".

The election decision follows pro-longed speculation about the President's political future, involving growing alarm in the US over the country's economic course and the failure to implement fundamental In Washington, the State Depart-

ment issued a cautious statement in

which it said the US could not be

sure the election would actually be held on the date Mr Marcos had announced, writes Reginald Dale in gton. The caution was clearly based on past US disappoint-ment, when Mr Marcos first raised and then dashed election hopes. the US to decide, the Department

said. What was important was that the election be "free and fair" and credible to the Philippine people." including satisfactory answers to constitutional questions."

Any newly elected government

Britain's official reserves show

government launched on the inter-

national capital markets. The figure

Although the Treasury does not

officially acknowledge that the un-

derlying figure may be taken as an

indicator of currency-market inter-

vention, it is widely seen as such.

However, it was believed that not all of the \$324m drop was due to

Bankers said the figure indicated

publication of the interview, for a

Elsewhere, the Soviet Union ap-pears to be moving systematically

to resolve or defuse problems which

might show it in a poor light before

Dr Andrei Sakharov, the dissi-

dent Soviet nuclear scientist, who is

exiled in the city of Gorki, east of

Moscow, was able to speak by tele-

phone to relatives abroad for the

first time for many months yester-day. He confirmed that his wife, Yelena Bonner, would leave the So-

viet Union for medical treatment at

ists. It said: "Nations do not distrust when a Soviet soldier who had take selection of passages. Mr Kohl each other because they are armed.

They arm because they distrust bul, Afghanistan, left the building and said he suspected that the each other."

leanings," he said. In fact, "Italy to-

day is n great modern nation, firmly linked to the life of the major indus-

trial democracies, deeply rooted in

Mr Craxi admitted that the

Achille Lauro emergency "found us in some way imprepared. Disjoint-

ed communications and uncertain-

Continued from Page 1

ment to make on the banks' action.

plans on its part in any eventual deal to end the crisis. Officials yes-

Pemberton, Governor of the Bank

Traders will today have the

Most firms support the exchange authorities's decision to keep tin trading suspended while attempts tries.

chance to put their arguments to

ties about questions of responsibili-

the free and civilised world."

bassador that he would not be pun- wrote the letter.

the end of the month.

Craxi seeks help over budget

continuation of the dialogue with

Reagan interview criticised

biggest fall for 2½ years

ing sales of dollars after the Sep- watched by the markets, however, tember Group of Five agreement to is the underlying movement.

serves actually showed a sharp \$2.13bn increase in October to ed a minor role in the concerted in-\$16.3hn, largely as a result of a tervention that has driven the dol-

significant military advantage to Soviet objections to the US dis-

the US. It accused the US of "trying armament proposals of last Friday to place cruise missiles outside the and also a desire, as shown by the

the summit.

reserves \$2.5hn floating-rate-note issue the

would need such credibility to re solve the many problems facing th country and restore stability and growth, the Department said. The US view has long been that while elections are essential, they will not in themselves solve all the country's economic and military problems.

The Philippine military most "conduct itself in a professional manner" during the election, the department stressed. It was also essential that there be a fair election law, a truly impartial commission on elections and an accredited independent citizens' election-monitor

Mr Larry Speakes, the White House spokesman, said the election must be "credible, fair and broadly based in terms of participation."

In Manila, opponents of Mr Mar-cos said they were ready to face him. "We welcome the announcement of a snap election . . . the opposition reiterates its readiness to field a single candidate," the Na-tional Unification Committee said after convening a meeting of 12 op-The timing, however, was not for position groups to discuss election strategy.

The statement demanded, however, that the election be held in accordance with the constitution end that Mr Marcos announce immediately the mechanics of the proposed

lar down by some 7 per cent since

the Group of Five agreement. The US Federal Reserve, the Bank of Japan and the West German Bun-

desbank have taken a more aggres

As well as intervening, the Bank

of Japan acted last month to raise

domestic interest rates. Although

yesterday was a holiday in Tokyo,

the yen continued to advance in response. It finished in London at Y207.75 to the dollar, against Friday's close of Y208.85.

Labour reaffirms commitment to

exchange controls, Page 11; Money markets, Page 33

ished. Afghan and Soviet troops,

who had surrounded the embassy,

• Peter Bruce in Bonn writes: A

letter written by Mr Mikhail Gorba-

chev, the Soviet leader, to West Ger-man Chancellor Helmut Kohl, and

leaked to the press threatens to

sour Bonn's precarious relationship

with Moscow just days ahead of the

Mr Kohl appeared on television

yesterday to accuse the Soviet Union of being responsible for the

leak. The two governments had agreed not to release details of the

letter, in answer to one from Mr.

West Germany's higgest-selling

newspaper, Bild, began however to

sult the opposition, he said.

Mr Craxi's government, composi

tion of which is exactly the same as

it was before the crisis, will submit

to votes of confidence in both the

Chamber of Deputies and the

are made to solve the crisis, but a

handful do not. Some firms are un-

want to cash the substantial gains they expect to make sharply when trading is resumed.

Mr Pieter de Koning, the coun-

structive." But he stressed that it

was up to the council members to decide what to do. The banks demand for govern-

ment guarantees could prove very awkward for some member coun-

US Soviet summit in Geneva.

then withdrew.

Another possible source of fric-tion between Moscow and Washing-chev's missive at the weekend and

ton was also removed yesterday continued yesterday with a major

"We were accused of having poputy caused dangerous uncertainties list, neutralist and Third World and delays in getting information."

ITC creditors' terms

The LME, which has continued der pressure from clients who have the suspension of tin trading for the sold tin forward et above the £8,140

rest of this week, is working on its a tonne suspension price and now

of England, repeating earlier appeals for help from the Bank.

sive role in acting on the accord.

expected to double turnover

technology group, will more than double its sales after n preliminary agreement to acquire the SDS Bio tech and Vertac Corporations of the

Vertac, owned by the Dyticon Investment Corporation, has a turn-

Both companies are heavily involved in research, development and production of agrochemical and

Fermenta plans to develop their combined resources in antihiotics, fungicides and growth regulatory products, which have a turnover of some \$150m, and has found buyers or partners for the remaining pro-duction, research and development capacity.

Earnings figures for the two con-

anual turnover from some SKr 1.5bn (\$191m) to over SKr 3bn and significantly strengthen its loothold in the US market, where it now has

ucts is estimated at between \$6bn and \$10bn. The two companies also have "significant" market shares in South America and the Far East. The deal is Fermenta's largest to

most recently acquiring Pierrel, the Italian fine chemicals and pharmaceuticals company. Its turnover jumped from SK

254m to SKr I.1hn in the first eight months of 1985, and profits climbed fivefold to SKr 251m.

The deals have substantially increased Fermenta's fermentation capacity and organic chemicals pro-

German court clears Philip Morris deal

The German Federal Cartel Office had continued to oppose the share purchase, despite a decision by the European Commission in March 1984 to withdraw its

The German Supreme Court ruled last Tuesday that the issue of the Philip Morris stake had no prac-tical significance, the company

ternational in coming to its conclu-sion, the company said.

Philip Morris restructured the

The EEC Commission objected to

acquisitions

FERMENTA, the rapidly growing Swedish fine chemicals and bio US, and expand into the animal feed and health fields.

No purchase price was disclosed but it is understood to be well in excess of \$50m. Fermenta expects to finalise the deal within a month subject to approval by US anti-trust

suthorities.

SDS Biotech, in which Diamond
Shannock and the Vanderbilt
Development holding company
each have a 50 per cent stake, has
annual sales of \$200m.

over of \$100m.

animal health products.

cerns were not disclosed but the group says it expects them to gen-erate profits of between 20 and 30 per cent of sales after the restruc-

The deal will increase Fermenta's "We consider this the most impor-

ant deal in Fermenta's history, said Mr Refaat el-Sayed, managing director and the principal shareholder in the group. "It will es-tablish us in the largest and fastest growing market for these products and improve our base for further expansion and acquisitions in the

The total world market for agro-chemical and animal health prod-

date. It has grown rapidly through takeovers in Europe and the US,

By Charles Batchelor in London THE West German Supreme Court has ruled in favour of Philip Morris, the US cigarette group that makes the Marlboro brand, being allowed to take a large minority stake in the local subsidiary of Rothmans International

New emergency procedures would have to be devised, including the establishment of ways to con-

announced yesterday.

The court took into account Philip Morris's restructuring of its original shareholding in Rothmans In

deal in March 1984 after discus with the European

Originally Philip Morris was to take an indirect 25 per cent holding in Rothmans International through the acquisition of a half share in Rothmans Tobacco (Holdings) from the South African Rembrandt to bacco group. Rothmans Tobacco Holdings owned 50 per cent of the Rothmans International votes.

Philip Morris and Rembrandt link ing through Rothmans Tobacco Holding to control many key

cigarette brands in the EEC.

The two companies restructured the deal to separate their interests and to give Philip Mnrris e direct bolding of 24.9 per cent in Rothmans' voting shares. The cartel of fice was concerned about the mon-opoly implications for its national cigarette market where Martin Brinkmann, part of Rothmans In-ternational, bas about 17 per cent THE LEX COLUMN

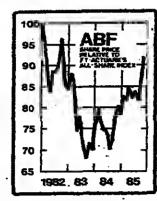
Stamp collecting in the City

The combination of of much higher costs and vanishing commissions as been the recurrent nightmare of London stock market planners ever since the first intimations of a forthcoming explosion. Almost the only thing which could give worried senior partners some chance of sleep was estimating the amount of extra volume which would be brought about by cheaper dealing costs. Such wishfully consoling thoughts have now been given a hit more substance by a Bank of England discussion paper which estimates the long-term rise in volume from a 1 per cent fall in transactions costs to be as much as 70 per

This is not a million miles from what happened after the unbun-dling on Wall Street ten years ago; over the next six years, institutional costs fell by about half and the ratio of annual turnover to market value rose from 20 to 50 per cent. The case that the Bank examines, the halving of stamp duty, does not amount to such a large proportion of London dealing costs, only about a third, so a smaller effect should

It is not possible to say whether an equivalent boost to turnover would be achieved by falling commissions - or hy the Chancellor's deciding to stop stamp duty altogether - hut these would both be moves in the right direction. If there is a hole in the case for thinking that rising volume will square the books after all, it is that such a lot of business has been driven off market - principally into ADR dealing - precisely in order to avoid the high London costs. Investing institutions, at least, will know exactly how far costs need to fall if that business is to come back onshore, and it is probably quite a long way.

Food manufacturing companies which cannot be taken over are pretty dull investments these days; if, on top of that, they steadfastly refuse to hid for anyone else, there is scarcely any point in following them at all. Associated British Foods, which is sitting on £250m of cash and an equity base controlled by the Weston family, has been a hy the Weston family, has been a the market has been looking round steady outperformer in the market for smaller fry with no record of this year, but the excitement has all been elsewhere. Certainly yester-search lighted upon the previously day's interim figures did nothing to quicken tha market's interest. Pre- struments and drove the price up higher at £62.4m, and the shares closed unchanged at 268p.



Perhaps ABF should change its identity. Food manufacturing will account for less than 50 per cent of UK profits this year, with retailing and investment income contribut-ing the bulk of earnings growth. Fine Fare is increasing its trading margins – admittedly from a lowist base - and is at last making net ad-

ditions to selling area.

ABF's reputation as one of the UK's most efficient manufacturers has never been matched by its image as a retailer, so perhaps the shopkeepers are just catching up with the millers and bakers. But the fast profits growth at Fine Fare may also say something about the way in which cost efficiencies in food manufacturing are transferred immediately into higher margins for the retailers. So maybe the Westons should rename the group Associated British Shops or some such thing. Family control has never done the J. Sainsbury rating much harm, and ABF is still trading on a prospective multiple very close to the food manufacturing average. Assuming profits of £155m this year, it works out to just under 11%.

Oxford Instruments

The electronics sector has been tormenting the London stock market all year; it has proved impossihie to put a value on anything without being proved grotesquely wrong within at best a few weeks. Having gone through the painful realisation that the major companies in the sector were grossly overpriced, less-than-fashionable Oxford In-

months to September in fact rather scheme.

exaggerate the story of strong un-derlying growth. Though pre-tax profits have almost trebled at £6.6m, the comparison is distorted by the absence of at least four spe-cial factors which depressed the previous year: a hiss making sub-sidiary (since sold), start-up costs in Japan, consultancy lees, and the relocation of factories. When allowance is also made for the catching-up - on orders and profits - which Oxford has been doing since, the likely growth rate to next March is more like 60 per cent.

After yesterday's hurried adjustment, a multiple of 18 times just about discounts the generally expected progress. But only the day before yesterday, Oxford was seen to be at some manageral vist. to be at some marginal risk as a supplier to a relatively small num-ber of large customers, and that risk is presumably still there.

Barings

Many and varied are the ways of preparing for the new world of banking in London, but at least Baring Brothers has acted according to tradition. Barings Pk., the new holding company unveiled yes-terday, will be just as tightly insulated from the outside as the old Baring Brothers, since the voting control will remain in the hands of the directors and equity with a charitable foundation. Despite the group's intention to run a primary gilt dealership, yesterday's operation involves no raising of capital for the business: stock market flotation, now theoretically possible, is firmly ruled out for the moment. But as a company, Barings can now gear up more flexibly on its equity han as a partnership.

Barings has resisted the tempta-

tion that proved too much for several stockbrokers: the value of the business, built up in uneven fashion over two centuries, will not simply fall to the generation of partners. Incky enough to coincide with the Big Bang. Whatever Baring is worth, it is sure to be considerably more than the £40m or more implied by the placing of the bulk of the partnership's preference shares yesterday. The remaining value will fall straight to the Baring Founda-tion, as the sole and stable equity shareholder; but the money available for charitable purposes will probably be not much different be-cause of an increase in the coupous on the breter Oxford's figures for the six enlargement of the profit-sharing

Banking Currency Income Fund Curr ency Fund Limited The international foreign exchange markets offer private investors real scope for substantial returns but currency markets are highly volatile, and successful investment in them requires the right combination of market knowledge, trading expertise and active day-to-day management to select the right balance of currencies. The European Banking Traded Currency Fund and The European Banking Currency Income fund provide just such a combination Both funds are based in Jersey and are advised by EBC Amro Bank Limited, a merchant bank well known in the City of London for loreign exchange trading. The full prospectus for both funds can be obtained by completing and posting the coupon below. to control to published by EHC Ameri Kank Launert, are sempled dealer on behalf in EBC Total Cremium. Costodian: Midland Bank Trust Compression dessex (Emited, 28-34 Hill Super, St. Heber, Jersey, Chaunel Mands, To: EBC Trust Company (Jersey) Limited, EBC Liviuse, 171 Scale Street, St. Helier, byses, Channel Islands. Please send me a copy of the prospectus of The European Banking Traded Currency Fund Limited and The European Banking Currency Income Fund Limited (on the terms of which alone applications will be considered).

Please telephone me to discuss the Funds 📋

The new contracts are regarded

Sweden

Fiscal burdens loom

SWEDEN'S SOCIAL Democrats have maintained a formidable grip on power. They have ruled the country—either alone or in coalition—for 47 of the past 53 years, and in last month's general election ensured themselves yet another three years in office.

To win they bad to haul themselves off the ropes and recover from an apparently hopeless position in the opinion polis of a year ago. However,

polls of a year ago. However, their victory was not as con-vincing as in 1982, and in the new parliament they are dependent on the votes of the Communists for an absolute

majority.
The Socialist bloc won 50.4 per cent of the votes, enough to give them a majority of seven seats over the combined opposition forces of the Conservatives, Liberals and Centre Party. In the process, however, the Social Democrats lost seven seats and for the next three years they will have to rule without the three-seat majority they had previously beld over the non-Socialist parties.

It is still not clear from which

make concessions in order to gain their support in the Riksdag. In earlier years the Social Democrats tended to look more to the Liberals or

By KEVIN DONE Nordic Correspondent

the Centre, Party for cooperation, but both parties have hecome wary of such approaches. Mr Bengt Westerberg, leader

of the Liberals who emerged as the chief winner of the September general election, maintains that the Social Democrats' failure to honour earlier agreements has certainly raised the price of any future co-operation.

The major shifts that occurred at the election were not be-tween the blocs but between the Social Democrats have assisted by pursuing certain key divisive issues.

In the last parliament the Social Democrats certainly developed closer relations with

conduct a painful inquest into the vote has shrunk.

The election was also a disappointment for the Conserva-

appointment for the Conserva-tive Party, which increasingly had come to dominate the oppo-sition. The party emerged from the previous election in 1982 with a larger share of the vote than the Liberal and Centre parties combined and for a long time it appeared that its leader, Mr. IIIF Adelsohn, had a good Mr Ulf. Adelsohn, had a good chance of becoming Sweden's

chance of becoming Sweden's first Conservative Prime Minister since 1928.

The Social Democrats thrived, however, on having the Conservatives, as the main opponent in the election campaign, which they turned into a more ideological fight than the country has seen for many years. In fact, the real issue facing

It is still not clear from which quarter they will seek support in the Riksdag, the Swedish Parliament. On election night Mr Olof Paime, the Prime Minister, claimed that it was nothing new for the Social Democrats or rule as a minority Government. They had enjoyed their own majority for only six of their 47 years in power.

That is certainly true, but nooetheless the political claimed signification of the political claimed significations to rule as a minority democratised party only in 1983, has suddenly emerged as a potential Prime Minister in a future Centre-Right coalition government.

In fact, the real issue facing the parties on both sides of the political divide—and the divide has political of the parties on both sides of the political divide—and the divide has samiler than suggested by the lection campaign—is how best to deal with the serious structural limbalances that still has been suddenly emerged as a potential Prime Minister in a future Centre-Right coalition account of the balance of payments must be reduced, that

Olof Palme (left) and Bengt Westerberg: the political climate has changed significantly

During receot decades Sweden has built the most com-prehensive system of state-direction social welfare the world bas yet seen. As a result, bowever, it has also huilt a poblic sector which knows no equal in its size and scope.

Sweden has the largest public sector in the Western world with the share of public expen-diture now more than 80 per cent of Gross National Product:

inflation must be brought down state has built up a mountain to the level of the country's of debt—at more than SKr main trading partners, and that 550ho (\$69bn) it is approaching some better solution must be 70 per cent of GNP. The Social found to the vexed problem of Democrats have managed to rewage formation. This dispute is duce somewhat the size of the above the manage to achieve the achieve the manage to achieve the achieve the ac found to the vexed problem of Democrats have managed to rewage formation. This dispute is duce somewhat the size of the
about the means to achieve state budget deficit, but interest
payments on the national debt
are still the second largest item in the hudget after the social

services department. Sweden carries the highest tax hurden in the Western world at about 50 per cent of GNP compared with an average of some 37 per cent in the OECD, and it tops the league for personal income tax pald by the average production worker.

clear. The debate concerns rather how the existing system can be soundly financed. If it is to be through higher taxes the Government inevitthe ecooomy was deep io crisis and the electorate had tired of six years of non-Socialist rule that had heen deeply marked

ahly will turn towards the Communists for support. If it is to be through some form of more austere fiscal policy it is more likely to be among the opposition parties that the Social Democrats will have to search for allles.

The Government appears to bave accepted the case that Sweden is already bumping its head against the ceiling when it comes to taxation. It has promised not to increase the overall burden of taxation, but

frooted them in 1982. Three years ago they took back the reins of power at a time when

by the internal hickering and splits of the coalition partners. The Social Democrats' recipe for ecocomic recovery revolved around an immediate and dramatic 16 per cent devaluation aimed at giving back a real competitive edge to Swedish export industrics. The strategy worked and the country enjoyed two years of

strong export-led growth.

CONTENTS

Profiles: Olof Palme Bengt Westerberg

Foreign pollcy/defence 3

Banking Stock market Research and development Forest products

Engineering

Profiles: IKEA Hennes & Maoritz

the Government eanoot count on the assistance of a strong general recovery in the world economy, which certainly played a strong part to making the up-turn of the past three years possible.

In the wake of the election Mr Kjell-Olof Feldi, the Fio-ance Minister, has admitted that the Social Democrats had described the economic state of the country in rather 100 "lyrical" terms during the compaign.

If the Swedish economy and Swedish exports are to continue to grow this can be achieved only by holding Sweden's cost increases at or below the level of competing countries, and there the omens are not good.

The Government has appareotly given up this year's experiment of trying to establish a voluntary pay norm, but it presumably will not be willing to stand idly by if this winter's crucial wage negotia-tions threaten to get out of hand. Speculation has already begun that the administration is considering fiolog companies that pay far more locally than has been agreed in national negotiations.

For the public sector one of the innovations of Mr Palme's far-reaching Cahinet reshuffle after the election has been the appointment of a Wages Minis-ter to oversee public sector pay

policy.
The Social Democrats have tried before, however, to talk down inflation and wage levels diture now more than 60 per different of Gross National Product.

There is certainly no majority it remains to be seen what such compared with the 30 to 50 per cent of most other industrial mantling this system—the issue countries.

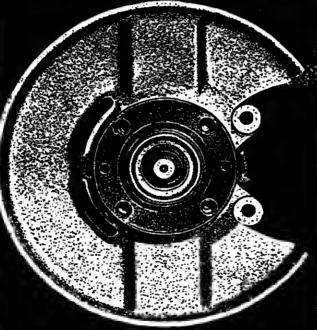
To finance such spending the content of the

Changing the shape of bearing technology.



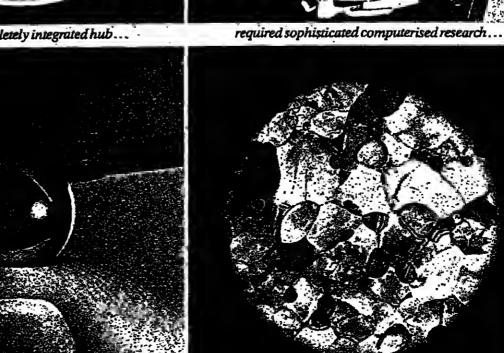
Revolution in car technology:

and state-of-the-art design...



devising a completely integrated hub...





with precision assured in every component...



down to the micro world of our products.

A key priority in the automotive industry is streamlining. Aerodynamic refinement seen through drag coefficient reductions averages at least 0.1 in the last five years. And weight losses more than 10%. Marked improvements have been recorded in fuel economy, power and reliability. And SKF has been helping manufacturers break radically new ground over the past decade.

There are around 20 rolling bearings in a front wheel drive car, those in the wheels subjected to the most arduous conditions. Within this difficult area, SKF completely broke with convention - devising a single unit that combines bearings, hub, stub axle and suspension attachment functions.

The result is a unit that replaces more than 10 components and that does more than just allow designers weight savings of as much as 5% per wheel. It also permits a shorter drive joint shaft to be used, and improves safety and reliability.

And SKF is devising many more sophisticated solutions - units, for instance, that solve the conflicting requirements of strength and reduced weight. In all ways, we're changing the shape of bearing technology.

Down to the micro-world of the bearing

Our search for new answers takes us deep into the micro-universe of the bearing-where micro-changes of a 10,000th of a millimetre are now common-place. And new

bearing designs can yield energy savings of up to 80%. For this, high standards of metal-working precision are required - and 'near-absolute' accuracy has to be maintained from steel purity through computerised design to application.

Now, by harmonising new theory with the reality of new technologies we have shown how bearing life-and reliability—can be prolonged nigh on indefinitely.

75 years of close customer co-operation has given us the expertise to create a virtually boundless programme of ball, cylindrical, taper and spherical roller bearing types in some 25,000 variants. From miniatures weighing three hundredths of a gramme to giants weighing 500 million times more. Assuring our customers worldwide of the exact

bearing for every application. And ultimate reliability. At SKF, our contribution to the automotive industry will continue to evolve.

SKF. The exact bearing.



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of Carnel are the for the new ka in London, but a other has after Adam, Banga a tel to imposit unique If the little tarte the contrade are relliere, same the CONTRACTOR STATE or independent der de la fer range how he taking a A characteristics Ct - a toner pg Ordinal Series

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the following temporary

provide well expe

BY THE time the next election comes around in 1988 the Social Democrats will have ruled Sweden for 50 of the last 56 years. The party clearly likes continuity — since it was founded in 1889 it bas bad only founded in 1889 it bas bad only four leaders: Hjalmar Branting, Per Albin Hansaon, Tage Erlander and Olof Palme.

The party is accustomed to ruling Sweden with more or less continuing auccess. Two defeats in 1976 and 1979 wer, difficult setbacks for the Social Democrats to bear, but Palm has managed nonetheless to hold the party together. the party together.

This is perhaps his biggeat ring is perhaps his biggeat single achievement aince taking neer the party leadership 16 years ago. "He is like a sheep-dog." says nne senior official in the administration. "Whenever part of the flock threatens to break away he is there to to break away, be is there to keep them in line."

Critics charge that Mr Palme is too ready to put party unity above all else. He certainly faces a difficult challenge over the next three years as he tries

Unchallenged as party leader

Continuing powerful growth.

cope with continuing serious imbalances in the economy.

Disunity in the Cabinet rarely comes to light and Mr Palme is unchallenged as leader of the party. His stature also inevilably haa been increased by tha death earlier this year of Mr Tage Erlander, the former leader.

time and again to be the "aggressive egotistical neo-liberalism" being advocated by the Conservatives. His energy and drive played a major part in the victory, pulling the Social Democrats up by their bootstraps from a deep trough in the opinion polls unly 12 months ago.

leader.
Palme can be harsh and disparaging towards his political opponents, and one of his major tactics for holding together the party in both opposition and government has been to focus its attention on some common outside enemy.

His success in this year's the next three years as he tries to hold together the different elements and at the same time some common outside enemy, this success in this year's campaign owed much to the decision to focus the Socialists' elements and at the same time attack on what Palme claimed

☐ales for the Malmö based Sonesson Group increased strongly

during 1984. Figures were up 41% to approx. US \$ 500 million.

The Sonesson strategy for future growth is intensive product development and penetration of new markets, combined with

in a number of markets. They include engineering, electronics,

pharmaceuticals, medical technology and energy, a spread that

Early in 1985 the Stock Exchange quoted company Gambro was iocorporated into the Sonesson Group, making the seventh

segment of business operations and bringing the total number

SAB NIFE Systems for uninterrupted power supply, batteries, brake equipment and wheels for railbound traffic, electronic

CRAWFORD Industrial doors, doors for private homes, wall

DACKE Stock Exchange quoted company majority owned by

Sonessons. Group companies with operations primarily in

SCANPUMP Pumps for the pulp and paper industries as well as

systems, dock levellers, dock shelters and storage lockers.

for chemicals, mining, engineering and marine use.

signal and control systems as well as communication equipment

serves to smooth out the economic fluctuations in national

The operations of the Group cover several business segments

Operating results were up even more - 68%.

an aggressive acquisitions policy.

markets or particular industries.

of employees to the 11,000 mark.

trading and engineering.

nonths ago.
Olof Palme has spent his whole career in politics. From university in Stockholm he moved full time into student politics and already in 1953 at the age of 26 was plucked out to become personal secretary to Mr Erlander. He was a Cabinet member from the several these member from the early 1960s, serving as both Communica-tions and Education Minister. Adept at finding radical ele-

By Kevin Done ments in earlier generations of bis family, Mr Palme in fact grew up in the capital in a deeply hourgeois family with roots far from the Swedish labour movement. His father and grandfather were managing directors of Swedish insurance companies and his mother and grandmother both came from aristocratic backgrounds. from aristocratic backgrounds.

Although forced during the latest election campaign to spend an uncomfortable amount spend an uncomfortable amount of tima dealing with the intricacies of the economy and personal taxation, Mr Palme is in fact far more at bome on the international stage. There he acts largely as his own Fureign Minister, preaching the gospel of peace and disarmament and solidarity with the Third World. the Third World.

Swedes generally appear impressed at the broad network of Palme'a international contacts. He apeaks several languages fluently and is as much at ease addressing a crowd in Spanish in Managua, the Nicaraguan capital, as he is adept at hand-ling questions in German, French or English at inter-



How the parties stand Number of seats % change 78 -16 41 -12 51 +30 Conservatives +3.1 50.4 - 0.8 t Includes for first time the Christian Democrats (KDS) who stood on combined ticket with Centre Party. In 1882 KDS scored 1.9 per cent, below the minimum 4 per cent needed for entry to Riksdag.

"Victory ceremony." Anders Andersö's cartoon in Svenska Dagbis-det, Sweden's leading independent conservative daily paper. The real victor of the September 15 election, it shows, was Bengt Wester-berg, the Liberal leader, who more than doubled his vote while

Balancing act for

Politics

KEVIN DONE

EVEN BEFORE the final votes were counted in September, it Centre Parties-have reacted was clear to Mr Olof Palme, the Prime Minister and leader of the Social Democrats since 1969, that he faces a tricky balancing act in the new parliament. Mr Palme fought the 1985 election campaign in uncompro-

mising style. He singled out the Conservatives as the main foe and led a merciless ottack against the forces be elaimed were hell-bent on rolling back the welfare state and under-mining the social reforms that had been built up with such care during the previous

But on election night Mr Palme began to employ another tone, however. He appeared to offer an outstretched hand to the opposition expressing the hope that it would be possible to form "as broad a base as possible for our work in par-

The Government decloration. delivered to parliament last month, offered few clues as to what programmes the Social Democrats intend to pursue over the next three years, but again Mr Palme appeared to make conciliatory overtures to the non-Socialist opposition.

"The Swedish tradition calls on us as far as possible to negoriate consensus solutions to important questions facing

BENGT WESTERBERG was the undisputed victor of Sweden's geograf election.

Sweden's geoeral election.
Only two years ago he took over
a demoralised Liberal Party,
which at the last election in
September 1982 had slipped
dangerously close to the
minimum 4 per cent needed for
representation in the Riksdag.
The Liberals had been the
blggest opposition party for
much of the 1950s and 1960s,
but their fortunes slumped
dividing the 1870s. A succession

during the 1970s. A succession of different leaders failed to arrest the decline and in 1982 their share of the vote plunged

With his clean-cut image -

one leading Swedish newspaper

described him after the election

keep intact in relations to other parties in the Riksdag." It is a tradition that Mr Palme has pald scant attention to during the last three years, however, and not surprisingly the three opposition parties— the Conservatives, Liberal and

They were dismayed when the Social Democrats Insisted the Social Democrats Insisted on pushing through their controversial acheme for wage-earner funds in 1983-84 despite a clear majority of public opinion against the plan.

The non-Socialist parties claim that the funds are a way of forcing companies to pay for their own socialisation. Under the scheme corporate profits

the scheme corporate profits are sipboned off into trade union-controlled funds, whose task is to invest the proceeds to huilding up o growing otake in Swedish industry.

The three centre-right parties were committed to abolishing the funds if they had won the election, and the Social Democrats' uncompromising otance on this issue in the last parliament has helped to sour relations between the bloss

tions between the blocs. Mr Thorhjörn Fälldin, the former Prime Minister and leader of the Centre Party which suffered the biggest defeat in last month's election, has been particularly sceptical about the chances of co-operat-ing with the Social Democrats and clearly feels betrayed about the way Mr Palme has failed to honour the full spirit of earlier agreements, in particular one concerning marginal tax re-

expenditure cuts.
In the new parliament the Social Democrats have 159 seats compared with the 171 seats of the centre-right opposition.
The Socialist bloc overall—
including the 19 seats of the
Communists—bas 178 seats.

Share

The ruling Social Democrats' share of the votes fell from 43.9 per cent in 1982 to 45 per cent in the September 15 election. They lost seven seats as well as their previous three-seat lead over the emphisid forces. lead over the combined forces of the Conservatives, Liberals

one seat with their share of the vote virtually unchanged at 5.4

The Social Democrats' showing was clearly not as impres-

For much of the period since

victor in the election, says it would be preferable for the Social Democrats in Ican towards the opposition, rather than to the Communists for support—hut be is sceptical about the Government's willingness to follow the opposition line in holding hack tax increases and insisting on public expenditure cuts.

It was had been riding high in the oplinion polls. At that election they emerged for the first time with more voices than the Laberal ond Centre Parties combined. Talk started in the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the first time with more voices than the new "högervlind" blowing through Swedish politics, and they can be a supported by the oplinion polls. At that election they emerged for the first time with more voices than the new "högervlind" blowing through the oplinion polls. At that election they emerged for the first time with more voices than the combined. Talk started in the combined. Talk started in the combined that the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. At that election they emerged for the oplinion polls. the Conservative leader Mr Uif Advisohn became the obvious non-Socialist eandidate for Prime Minister. The Conservatives have not provided a Prime Minister in Sweden since 1928.

When It came to the vote, however, it seems that the Conservative message was too strong for Swedish voters to strong for Swedish voters to stomach. After running as high as 30 per cent in the opinion poils 12 months ago the Con-servatives scored only 21.3 per cent in the election. The Conservatives had to MIN

bear the hrunt of the Social Democrats' attack, Fearing that they could actually lose power to the Conservatives the Social Democrats mounted a virtual and Centre Party.

The Communist Party lost billed as the egotistical forces one seat with their share of the of neo-liberalism, warning that the very foundations of Sweden's welfare state were in danger.
Mr Palme claimed strongly

sive as in some earlier victories, but they did manage to elaw their way back from an apparently bopeless position in the opinion polls a year ogo when they were scoring as little as 38-39 per cent.

With a platform offering "Social Responsibility without Socialism" the Liberals managed to fill the niche left by the shnuting matrb between the Socialists and the Conservatives and in particular the Centre of the cleation that "this more aggressive Conservatism more aggressive conservation more aggressive c

and at the polls."

In fact the non-Socialist parties did increase their vote by 3.1 per cent to 48.1 per ccot — for ail of Mr Palme's rhetorie — but with the poor showing of the Conservatives and in particular the Centre Party it proved incufficient to society. Our country has gained form.

from this way of working. It is a tradition of co-operation of the Liberals and the chief the 1982 election the Conservators and in particular the Centre For much of the period since Party it proved insufficient in the Centre Party it proved in

PROFILE: BENGT WESTERBERG By Kevin Done in the new parliament. He is wary of the Social Democrats' "outstretched hand," however, and claims that the bad experience of previous agreements with Mr Palme "has raised the price of co-operation." "We have seen in several cases that even if we rearh and agreements with many palme "has raised the price of co-operation." the election

crats and the Conservatives. their share of the vote plungen to only 5.9 per cent and the party won just 21 seats in the Riksdag.

Last month the years of campaign moved into the TV studios.

decline were forgotten, how-ever, as Bengt Westerberg emerged as Sweden's new political hero. He grew up in Södertälje, an industrial town to the south of Stockholm, and the family paint and drugstore husiness, Södertälje Färghandel AB, often tends to crop np in his political speeches. As a theme it is reminiscent of Mrs Thatcher, the UK Prime Minister, and her childhood in the grocery store in Grantham.

as "a mother-in-law's dream"

--Westerberg, 42, managed successfully to lay claim to the middle ground of Swedisb His message of "social responsibility without Socialism" It was during the six years of non-Socialist rule from 1976 to painted a picture of reason and moderation which stood in stark 1982 that Mr Westerberg first worked his way to some prominence nationally. In the outumn of 1976 he joined the contrast to the much sharper ideological tones of the pitched battle between the Social Demo-

working partly on immigrant

moved to the Liberal Party's co-ordination office in 1978 and in autumn that year took over as Under-Secretary of State in the Industry Ministry. In 1979 he was appointed to the same position in the Budget Ministry.

When the Centre-Right parties were defeated in 1982 he helped to found and became director of an economics insti-tute—the Foundation for a Market Economy Alternotive in Sweden (MAS)—underlining his growing involvement in the national economic debate.

With the Social Democrats in a minority and needing support from the opposition if they choose to tighten economic policy, Mr Westerberg now

cases that even if we rearh an agreement there is no guarantee that they will keep to it. Our willingness to cooperate is much less now."
In his early months as leader

of the Liberals Westerberg came over as a rather cold and colourless politician lacking in humour, but the election cam-palgn has done much to improve that image. By polling day Westerberg bad built up a reputation for honesty and sincerity. He oppeared not to duck the difficult questions and managed to ovoid the sort of personal slanging matches with his opponents which many Swedes still take exception to. He has still to show that be

has the political gulle and staying power needed to hold together the Opposition parties and unseat the Socialists in 1988, but in only two years he has managed to make the Liberals into a credible force in Sweden again, o task that seemed Impossible even two months ago.

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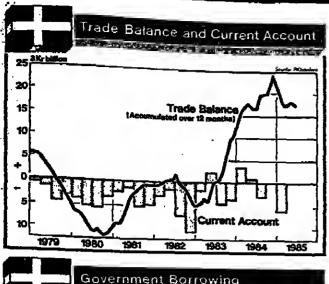
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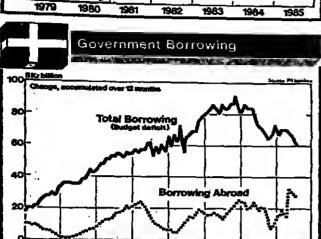
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Trade surplus eroded by jump in exports

The economy is highly depen-dent on exports, which account for about one third of GNP. In the wake of the 1982 dovaluation exports source for two years in 1983 and 1984, but this year the country again has started to lose shares of international

The trade balance has again begun to deteriorate, chiefly as a result of a big. jump in imports and the trade surplus in the first nine months of the year totalled only SKr 8.7bn compared with a surplus of SKr 17.5bn in the corresponding period last year. The volume of exports has grown by some 2 per cent during the first three-quarters of the year compared with a jump of 9-10 per cent in the volume of imports.

Some 68 per cent of Swedish exports go to Western Europe with a further 12.5 per cent accounted for by sales to North America. In the first seven months of the year the US was Sweden's biggest single export market with a share of 11.8 per cent, but this was virtually equalled by West Germany with a share of 11.7 per cent. share of 11.7 per cent.

in third and fourth position, accounting for 9.8 and 9.7 per cent respectively of Swedish exports.

West Germany and the UK are clearly Sweden's most important suppliers, accounting for 17.7 and 14.8 per cent of the country's imports.

Among Sweden's 20 most important markets, trade with China has increased most dramatically this year with a fump of 102 per cent in the value of Swedish exports in the first seven months.

Overall, Swedish exports are dominated by two industries, cugineering and forest products. The engineering indus-try, which is dominated by some of Sweden's biggest multinational corporations such as Volvo, Electrofux, Ericsson, Saab-Scania and Asea, accounted for some 47.1 per cent of exports from January to July.

The forest products industry, which includes the two biggest producers in Europe, Stora and Svenska Celluloss, provided some 18.5 per cent of Swedish exports, while iron ore, steel and other metals exports accounted for a fore exports accounted for a fur-ther 12 per cent.

Government shies at tough measures to cut inflation

Economy KEVIN DONE

AFTER THREE years of rolatively strong growth Sweden's economy is entering a delicate stage of development, in which the coming wage round is looming as a major obstacle to future

successes the Social Democratic Government has still to show convincingly that it can deal with the serious underlying structural imbalances in the Swedish economy.

In the wake of the dramatic 18 per cent devaluation imposed in October 1982, Sweden's economic performance improved in several respects. The country enjoyed two years of strong export-led growth in 1983 and 1984. Industrial production recovered quickly from the deep recession of previous years, corment picked up, and the county's external payments posi-

county's external payments posi-tion improved dramatically.

Last year the current account of the balance of payments was in surplus for the first time since 1973 and for a brief period it seemed that the Social Demo-crats' strategy for recovery, that the country should both "work and save" its way out of crisis, was succeeding.

decade.

Crucially, however, the Government aceded to deal resolutely with the inflationary pressures caused by the devaluation, if this competitive advantage was not to be eroded quickly in subsequent years. Most importantly, it had to meet the challenge of holding Swedish labour costs down to the level of the country's leading trading partners.

Both in terms of labour costs

lems is shown by the fact that in the Netherlands and West Germany consumor prices roso by only 2.1 and 2.2 per cent respectively.

So far the Government has shied away from taking the sort that could be expected to bring down inflationary expectations in Sweden. Partly as a result the country is burdened by virtually the highest real rates of interest in Europe.

and inflation the Government has fallen far short of its admittedly ambitious targets. It has been saved to some extent Democratic government has tarted to involve itself to an improved sharply during the last three years as industry has used np surplus capacity, but according to the country's. In a laborious process from the late summer 1984 to the

Inflation has been falling in Sweden, but it still has a long way to go before it matches the level of the country's main coesses the Social Democratic overnment has still to show anvincingly that it can deal ith the serious underlying ructural imbalances in the serious ructural imbal running at more than double this rate and a similar picture has emerged during 1985.

The Government target was for an inflation rate of 3 per cent by this December, It has tried a number of cosmetic measures including repeated price freezes. The last was imposed in March and, despita dispensations, still covers about 30 per cent of privato consumption. But most fore-casts suggest that inflation will still be running at 5.5 to 6 per cent in December this year.

lems is shown by the fact that in the Netherlands and West

used np surplus capacity, but according to the country's National Institute of Economic Research, Sweden "has now exhausted the biggest part of its conducted an intensive series of meetings with the leaders of meetings

Chancellery where they took place — led to a voluntary agreement on a 5 per cent wage ceiling. As its price the Government agreed to pay out an income tax rebate in time Government agreed to pay out an income tax rebate in time (central bank) figures, the for the summer holidays and current account of the balance before it had time to see if the employers and trade unions a deficit of SKr 14hm in that eight months of the barenin.

at local level have clearly burst of SKr 3.3bn. the voluntary guidelines and, according to the latest forecasts

was succeeding.

The devaluation following on the heels of another 10 per cent devaluation in 1981 certainly rose by 7 per cent compared gave Sweden's export industries a competitive edge in intornational markots that they bad not onloyed for more than a not only the fact that they had not only the fact that they the inflation front - was to influences imports, was growing

postpone increases until late in the year, so that the major impact would be felt first in 1988.

The situation was worsened further when civil servants staged the country's biggest ever public sector strike in the spring to support compensatory influences imports, was growing two or three times more quickly than planned in January. The result was the current summer report of the National Institute of Economic Research is more optimistic than the Riksbank on the scale of the current secount problem.

a similar doal has since been gained by the country's local anthority workers.

Mr Olof Palme, the Prime Minister, has called in general

terms for wage restraint, but there is still little indication of bow the Government intends to shape economic policy in practice, and what measures it is willing to take to enforce low nominal wage rises.

Slumped

bargain.

In the event, Sweden's the external payments situation notorious wage drift has again since last year when the first taken hold. Agreements made eight months showed a surplus

In a recent interview Mr according to the latest forecasts Bengt Dennis, governor of the by Skandinaviska Enskilda Riksbank, claimed that the Banken, the country's leading Government's economic ambi-Highest bank, for example, industrial those had already been set too wages are now expected to rise low at the beginning of the year year inflation rate was 6.7 per cent—a considerable improvement for Sweden, but still the the starting point for this banks for example, industrial those had already been set too wages are now expected to rise low at the beginning of the year when it published its 1985-86 cent—a considerable improvement in 1984.

The starting point for this banks for example, industrial those had already been set too wages are now expected to rise low at the beginning of the year when it published its 1985-86 budget. The January budget was quite simply too weak.

The starting point for this bank already been set too wages are now expected to rise low at the beginning of the year when it published its 1985-86 budget. The January budget was quite simply too weak. private consumption and total demestic demand was growing too fast in relation to our

ability to export.
"In the first half year private consumption, which so strongly

spring to support compensatory of the current account problem, wago claims aimed at eatching but it warns that the economy up with rises won in the private sector in 1984. The compensation clauses were one of the in Gross National Product of most controversial elements of less than balf a per cent.

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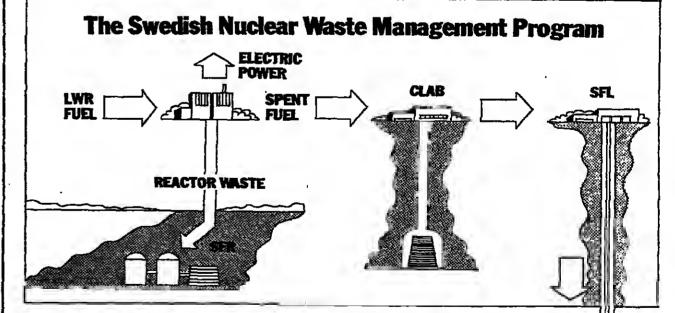
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Debate on military spending

Foreign policy/ defence

DAVID BROWN

ALTHOUGH THE strategic importance of northern Europe has grown in line with the tennas grown in the tension in superpower relations,
Mr Olof Palme told the Swedish
Parliament recently: "Sweden's
policy of neutrality stands firm.
We have won respect for our determination to defend the ter-ritorial integrity of this country with all means of our disposal. Yet one day earlier that elaim was implicitly rejected by none other than the Supreme Commander of the Swedish Armed Forces, Gen Lennart Ljung, who warned of a major deterioration in the strength of

Sweden's defence and therefore the credibility of its nourrality policy.

"There is a growing gap between the demands which are between the demands which are between the demands our actual

would continue to seriously erode, be added.

In the past 20 years, Swedish infantry and air power bas halved, while the number of tank divisions have fallen by over 30 per cent. The army's over 30 per cent. The army's adequately backed by a suf-splitty to mobilisa its 800,000 recording to the conservative shadow described by a suf-splitty to mobilisa its 800,000 recording to the conservative shadow described by a suf-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the idea of a corridor concession in agreeing to Stock-splitty to mobilisa its 800,000 recording to the ide

Together with a doterioration in the stability of the Nordic region have come new threats (Gen Ljung indirectly pointed to Soviet sabotage units suspected of having operated along the Swedish Baltic coast) and formitted submaring and air continued submarine and air violations of the country's ter-

tho military buffer between Finland, Nato (represented directly on its western frontier Finland, Nato (represented directly on its western frontier by Norway) and the Warsaw Pact powers, with the Soviet Union, Poland and East Germany across the Baltic to the oast and south.

It has been believed that as

It has been believed that as long as Sweden maintains the military resources to stop of the side from using it as a transit and staging area, both after "navigational errors" in Nato and Warsaw Pact forces restricted waters surrounding staging and staging and surrounding staging and staging area, both after "navigational errors" in Nato and Warsaw Pact forces would require fewer men and Sweden's main n weapons in the region, thus at Karlskrona. belping to reduce tensions. Con-Attempts

Despite the debate over mili-tary spending there is, however, a substantial consensus which ritorial intogrity.

Sweden is in a delicate position in the Nordic region as the military buffer between the mili

step towards normalising rela-Sweden's main naval installation

Heavy troop build-ups by the sterial exchanges this year and so far received little ritorial incursions have ment which seeks to improve support from Denmark and

men within 71 bours is seriously in doubt and the weakness of its air and anti-submarine defences has been of particular concern.

Together with a doterioration in the stability of the Nordic tables and anti-submarine defences has been of particular concern.

Together with a doterioration in the stability of the Nordic tables and the military should receive their bombers (which it had not been as a proposed in a broadly restrict two budget atmosphere, it has recently took the unusual step of apologising formally for a territorial violation by one of their bombers (which it had

superpowers, Sweden has taken a number of important foreign policy initiatives and its official non-participation in miltary alliances has not prevented it from forcefully stating its

The Government has pushed through Parliament a number of measures which restrict Swedish investment in and trade with South Africa as a protest against epartheid policies. It is also pressing for a decision in the United Nations Security Council for mandatory sanctions against the

Pretoria regime. Sweden has carefully cultivated its image in the Third World, an important market, placed on us and our actual capabilities," ha said. Unless the nation approved a major the next defence spending over the next defence spending over the next five yoars its military strength.

Heavy troop build-ups by the soviet union and repeated ter
World, an important market, with its commitment to spending ing 1 por cent of GDP on ald to underdeveloped countries. It has activally pursued proposals for the establishment of a Nordic nuclear-free zone, but the conclusion of a new agree-

Dank of Scotland Money Market Cheque Account

According to Swedish law the nuclear power producers have the responsibility for handling and final disposal of radioactive wastes from their plants.

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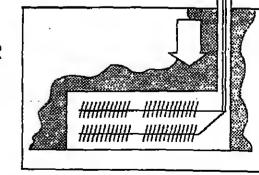
portation facilities - is already in operation. A final repository for low and medium level waste from reactor operations, SFR, is under construction. The feasibility of safe final disposal of HLW and spent fuel has been demonstrated in the KBS reports. R&D work and site investigations for a final repository of spent fuel, SFL, are continued in order to find a broader base for a final decision.

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SwedPower



Foreign institutions poised to open for business

Further step in liberalisation

Banking KEYIN DONE

THE REMOVAL of interest rate controls on tha banks earlier this year merked an important further step in the liberalisation of Swedish finan-

At the same time the barrier maintained for so long against foreign banks entering the Swedish market is elso being removed. This month the Government received the first applications fram 14 foreign institutions wighing to establish institutions wishing to establish

in force and the hanks are still subject to so-called "recommendations" from the Riksbank, the Swedish central bank.

of circumstances than positive choice. In Sweden, in particu-lar, the emergence during the second half of the 1970s of large financial imhalances in the shape of persistent current account and budget deficits have forced a degree of de-regulation on the financial

institutions wishing to establish subsidiary banks in the country and the first foreign hanks could open for business during the spring next year.

There is still some way to go.

Far-reeching foreign exchange regulations are still maintained in force and the hanks are still subject to so-called "recommendations" from the Rife-mendations of the subject to so-called the subject the subject to so-called the subject the subject the subject the subject the subject the su reinforce other economic mea-sures working in the same

construction industry with materials, equipment, tecb-nology and services. In other fields, Euroc concentrates on developing and commercially using its special know-how.

Euroc annual sales amount to SEK 5.4 billion, with 8,100 employees. Customers outside Sweden account for more than half of

Operations are divided into five business areas: Construction Machinery, **Building Materials, Cement** and Minerals, Trade and Diversified Operations.



DYNAPAC

ABETONG SABEMA GYPROC SIPOREY

CEMENTA

GUNNAR BJAN

CONTINENTAL CENERY

hankers from Svenska Handels-hanken, Lars Nyberg, Anders Kvist and Pehr Wissen, graphically describes the changed etmosphere and how the money market began to come of age earlier this year. Every market has its tradi-

Every market has its traditions. In Sweden, according to
tradition, monetary policy is
mede on Thursdays and only
on Thursdays. That is the day
the board of the Riksbank
meets. During the summer
there is a certain adjustment
to the climate and monetary
policy is only exercised every
other Thursday. other Thursday.

"January 22 1985, was how-ever, a Tuesday. The money markets were quiet. Many deelers had left their desks to go to lunch, some were sitting in a meeting discussing the for-

mendations" from the Riksbank, the Swedish central bank, on their lending volumes, for instance.

Nonetheless, the traditional picture in the Nordic countries of capital and credit controls and highly regulated financial market had been built with a Euroc, one of Sweden's major industrial and trading groups supplies the ingest of the first successful and traditions.

Euroc, one of Sweden's major industrial and trading groups supplies the ingest of the first successful and tradition in the past five years. By the end of last year a money and highly regulated financial market had been built with a that the Riksbank was now sell that the Riksbank was now sell ingest of interest of the first successful and tradition in the past five years. By the end of last year a money and proposed in the Riksbank was now sell ingest of interest of the first successful and tradition in the past five years. By the end of last year a money and industrial and tradition in the past five years. By the end of last year a money and proposed in the Riksbank was now sell ingest of the first successful and tradition in the past five years. By the end of last year a money and information fram the Riksbank was now sell ingest of the first successful and traditional market had been built with a successful and traditional market had been built with a successful and traditional market had been built with a that the Riksbank was now sell ingest of the recent and the revolution in the past five years. By the end of last years a money and information of the futures mation of the futures.

The Reuters monitor show ing information fram the Riksbank was now sell ing stream to ficker and a new page eame up. It stated to the Riksbank was now sell ing stream to ficker and a new page eame up. It stated to the Riksbank was now sell ing stream to ficker and a new page eame up. It stated to the Riksbank was now sell ing stream to ficker and a new page eame up. It stated to the Riksbank was now sell ing stream to ficker and a new page eame up. It stated to t

"The calm in the markets was shattered for that day. Suddenly all the telephone lines were engaged. The meeting on the futures market diately felt constrained to limit ended in panic and dealers dashed through the Royal Gardens (the financial district of Stockholm) to get back to their desks. One of them rang np a couple of hours later to The Rikshank did manage to cut rates again modestly on np a couple of hours later to ask for his jacket and wallet to be sent over hy messenger.
"In less than an bour,
Swedish interest rates jumped by close to two percentage

This snapsbot from January 1985 could not bave been taken a couple of years earlier. Then there were no dealers, no desks, no Reuters screens and no money market. The Rikshank money market. The Rikshank damaging the economy.
was there hut it used totally different methods for imple- of the finencial markets means

different methods for implementing monetary policy, and it did it, as described, preferably on a Thursdey."

The birth of the money market in Sweden is generally dated to March 3 1980 when the first certificates of deposit were issued by the banks, but the skate first began to gether pace first in 1982 when the state first began to gether pace first began to gether pace first in an in particular the banks are banks has begun in earnest with the SKr 390m all-share takeover of Uplandshanken by Sundsgether pace first in 1982 when the beginning of 1986 the two Treasury bills at market rates. banks are forming a new in-Other reforms have included stitution, Nordbanken, which Manhattan the issuing of market-related will be the country's fifth largest its absence.

Stock market

DAVID BROWN

AFTER SEVERAL years of phenomenal expansion, the Stockholm bourse has come back

down to earth. While the world's other premier exchanges have registered solid growth this

year, Stockholm share, values stand at roughly the same level

as at the turn of the year. Both domestic and inter-

national investors have with-

beld support, with the major concerns being the continued high tax rates following the

Democratic administration, con-

tinued high interest rate levels, and the expected deterioration

of Sweden's industrial competi-niveness in international mar-

The value of the market dropped some SKr 3bn (out of a total market capitalisation of

about SKr 240bn) following a general election that left the

ruling Social Democrats more dependent on active Communist

support in Parliament, hut made a slight subsequent recovery.

Overall, however, "things have been pretty boring," as one

rmarkets, has had to be revised as Sweden—as well as neighbouring Norway and Finland—have gradually moved more into line with the accelerating capital liberalisation and the increased integration of financial markets.

Some of the moves towards liberalisation have resulted admittedly more from the force of circumstances than positive of come of age earlier this work.

Tolume of around SKr 170bn, after having been virtually noncitation of liquidity qootas from the banks in the aunumn of 1983, and the introduction of an auction procedure for both Tolils and state bonds during 1984. Most importantly, the Riksbank began determinedly in the spring of 1984 to conduct market operations chiefly through open market began to of Tabilis. market operations chiefly through the sale and purchase of T-bills. The Riksbank is clearly

pleased with the new instru-ments it has available, but it is ments it has available, but it its concerned that the laxity of the Government's fiscal policies is leaving far too beavy a burden to be carried by monetary policy. As a result, Swedish real interest rates at some 7-9 per cent are still close to record levels and a yawning gap of some 7 percentage points has opened up between Swedish and

Euro-dollar interest rates.

The Riksbank tried to stem a growing crisis of confidence in the krona in January with a sharp increase in market rates, hut the move proved insufficient. By the middle of May, the outflow of capital from the country had turned into a flood and the central bank was forced to act again, this time boosting official interest rates, with the discount

interest rates, with the discount rate jumping to 11.5 per cent from 9.5 per cent and the penalty rate, which influences rates in the money market, rising to 16 from 13.5 per cent. At the same time, the central bank removed the long-standing controls on the interest rates charged on bank lending. This reform had a hollow ring, however, when the banks immediately felt constrained to limit their interest rate increases in

rates again modestly on July 11 — both the discount and penalty rates were cot by one percentage point — sensing that the foreign exchange markets had calmed down, and that speculation about another devaluation of the krona had abated, but the central bank is still very concerned that current high interest rates are

Shares back to earth

five years, when it moved from

a sleepy backwater bourse with a turnover of some SKr 2bn to

one of the world's ten biggest

trading bouses with SKr 70bn

results were fundamentally good, according to the Swedish

Federation of Engineering in-

economic policy decisions.

A buge budget deficit and

heavy foreign borrowing re-requirement have fuelled an

inflation rate of 7 per cent, which ranks with the highest of

Sweden's major trading part-

The expectation of a fall in rates could have an important positive impact on the bourse,

but at the moment thet pros-pect seems to be lacking at least for the next several months.

The Stockholm exchange is

still heavily dominated by the

institutions, insurance com-panies, investment houses, com-

panies and foundations which to-gether control some 60 per cent of the market's total value. Foreign investment institutions

control a further 6 to 7 per cent. As long as average returns on

positive impact on the

context of the exchange's extra-equities hover around 3 per cent ordinary expansion in the last while share values themselves

today. Share values climbed al-most 400 per cent to a peak last although exceptionally high has

dustries Sweden has passed the peak of its industrial cycle and the market is preoccupied with the government's forthcoming economic policy decisions.

A bugge budget defeit and

ear. been declining as a result of Although balf-year corporate government tax-subsidies savings



Bengt Dennis: attack on the government.

commercial bank after Skadina-viska Enskilda Banken, Evenska Handelsbanken, PKbanken and Gotabanken.

Both banks see the merger as a response to the rapid changes occurring in Swedish and international financial mar-kets and hopes they will gain greater strength to meet in par-ticular three chaffenges. ticular three challenges.

Demands for more sophisticated corporate services and for greeter specialisation in the money end capital markets. • Competition from the foreign hanks.

• Grawing requirements for the automation of banking ser-

competition from the foreign hanks begins in earnest next year. The deadline for applications from foreign hanks in the first licensing round wes October 1. Some 14 institutions applied, of which two Banque nankii of Finland are seeking to establish e joint venture (80 per cent owned by Indosuez) similar to their existing co-operation in

Approvals

The full list of applicants comprises five French banks, Credit Lyonnais, Banque Paribas, Banque Nationale de Paris, Société Générale and Banque Indosuez, three from Norway, Den Norske Creditbank, Christiania Bank and Bank of Oslo, two from the U.S., Citibank and Manufacturers Hanover Trust, three turers Hanover Trust, three from Finlend, Kansallis-Osake-Pankki, OKOBANK and Postimene Bank Nederland.

The applications will be con-The long-awaited restructuring of the regional commercial banks has begun in earnest with the SKr 390m all-share takeover of Uplandsbanken by Sundsury. No applications have been vallsbanken. With effect from the heginning of 1985 the two received in the first round from the leading UK, West German and Japanese banks, and Chase Manhattan was also notable by

stagnate - compared with a 13

to 14 per cent return on risk-free bonds — their preferred in-vestment is clear.

turns. Private individuals con-

trol about 25 per cent of the

with one of the world's highest tax rates but clearly these are

not on the horizon.

Instead, there is mounting

speculation ebout the im-positions of new capital gains or turnover taxes, although the Finance Ministry so far has

The Social Democratic victory does mean a continuation of the controversial 'wage earner

controversial "wage earner funds" — a system of union-held shareholdings financed hy

a special tax on corporate prints.

The funds were attacked hy industry as a first step towards Socialism hut have perhaps per-

socialism nut have perhaps per-versely emerged with an annual SKr 1.5hn-2bn as a potentially important source of new capi-tal. Meanwhile, foreign inves-

tors have maintained a stronger than expected interest in Stock-holm — producing e net export of Swedish equities of SKr 3.1hn for the eight months ending

August.
The most popular issues have

been the strong internetional export groups — the Ericsson

export groups — the Ericsson telecommunications and infor-mation systems concern, Sandvik speciality steels group, Electro-lux, the white goods manufac-turer, SKF ruller hearings group as well as some smaller high-flyers such as the Fermenta bio-technology and fine chemicals

technology and fine chemicals

Stockholm has seen a strong development of its new over-the-counter market, which has doubled in size to 72 listings this

year. Nineteen large Swedish groups are listed abroad, with seven foreign companies being traded in Stockholm including Nokia and Wartsile of Finland,

and Norsk Data and Norsk Hydro of Norway. Overall, hrokers expect

Hydro of Norway.

Overall, hrokers expect activity to be relatively quiet in anticipation of the government's haw economic policy programme.

denied any such intention.

Controversial

The relative level of private

Facing unions'

THE GOVERNOR of the central bank has not usually taken an active public role In Sweden's economic de-bate but Mr Bengt Dennis, bead of the Riksbank for the last three years bas decided to abandon the reticence of his predecessors.

His latest foray at the end of September, in which he attacked the Government for failing ta tighten economic policies, in response to the country's worsening external payments position, has brought down on him the wrath of the trade union movement, but he appears unrepentant.

Mr Stig Malm, leader of LO, the powerful trado union confederation of hine collar warkers, has called for Mr Dennis to be replaced. The Riksbank governor should stop "playing finance minister," says Mr Maim. Despite the unions' strong position as the key supporter of the Social Paragratic of the Social Democratic Government, however, it ap-pears unlikely that their de-mands will be met on this occasion, or that Mr Dennis will be silenced.

The choice of governor of the central bank in Sweden is political. The Riksbank's governing board, which makes the choice, is re-appointed every three years in the wake of the general election, and its composition reflects the new party political balance in parliament.

Parliament appoints six of the board's members, but the president of the board is appointed by the Government. Mr Dennis, 55, has for long been a close associate of Mr Kjell-Olof Feldt, the Finance Minister and says himself that the co-operation with Mr Feldt over the last three years has been, "very smooth, almost extra-ordinarily smooth. My predecessors had a more difficult time, because it is more difficult to be governor if you have a coalition government."

There is more than a suspicion that in his harsher ntterances on the Govern-ment's economic policies be is actually acting as a stalking borse for the Finance Minister, saying aloud what Mr Feldt for political reasons can only think in private.

Mr Dennis has in common mr Dennis has in common with Herr Karl Otto Pöhl, gevernor of West Germany's Bundesbank an earlier career as an economic journalist, but the Riksbank has never enjoyed the same independence as the Bundesbank.

A member of the Social Democratic party, which has dominated Swedish politics for the last half century, Mr Dennis served as chairman of the Social Democrats' student union and it was in the second union and it was in student politics that he first became quainted with Kjell-Olof

In 1967 when Mr Feldt was appointed under-secretary of state at the finance ministry he brought Bengt Dennis into the department as head of division in the budget depart-ment. When Mr Feldt was promoted to minister of trade he took Bengt Dennis with him as under-secretary

of state.

With the Social Democrats in opposition from late 1976, Mr Dennis stayed on as a senior civil servant, joining the foreign ministry in 1978 with ambassador status as international negotiator. He represented Sweden in

the Paris Cluh negotiating on debt-rescheduling, he negotiated several textiles agreements for Sweden in the Far East and worked too on hilateral co-operation agreements with some of the oil-producing countries such as Iraq and Nigeria.

At the Riksbank, where he took over the reins immediately in the wake of Sweden's dramatic 16 per cent devaluation in October 1982, he has presided over a far-reaching liberalisation of the country's financial markets.

Commitment to target projects

Research and development

DAYID BROWN

SWEDEN'S recent decision to take part in the French inspired Eureka project is another step in e broad commitment to high research and development spending.

For a small country of only

8.3m—with a disproprationately large number of large industriel companies on the world market—such a commitment is recognised as the only way the country can hold its own on the international scene. own on the international scene.

"We are already very advanced in this type of research and development." says Mr Ingvar Carlsson, the so called Minister of the Future, "but Sweden is a small country and we depend on international contracts" eontracts.

which would run counter to its policy of non-alignment, but has targeted such areas as robotics, process control, telecommunica-tions and hlotechnology in which it already has a leading

Although a number of key details—not least financing—remain to be worked out several major industrial groups have already signed on in principle. These include the IM Ericsson telecommunications group, the Asea electrical engineering and electronics concern, as well as automakers Volvo and Saab, and Alfa Laval, the farm equipment and process engineering group.

Total R and D Spending in of Gambro, now the world's Laval, the farm equipment and process engineering kroup.

Total R and D spending in Sweden last year exceeded

Although a number of key

SKr 19bn, of which balf was spent by the Government. This corresponds to 2.5 per cent of the Gross National Product (GNP), a level which is rivalled by only three other industrialised nations: the U.S., West Germany and Japan.

Following a period of stagnation in the 1970s, industrial R and D has grown rapidly not least in consequence of the strong corporate liquidity from profits generated by the late-1982 devaluation. The highest ratio is in the pharmaceuticals and biotechnology field.

Moreover, despite tough austerity measures in other hudget areas, the Government has exempted R and D from a general order of 2 per cent cuts in all other departments.

It has also taken the unusual transfer Strating Growting

cuts in all other departments.

It has also taken the unusual step for Sweden—of granting special tax treatment to prevent a domestic brain-drain and to help industry lure foreign specialists to take employment in high-technology fields.

Moreover, as part of an active industrial strategy the Government instituted a new R & D policy in 1984 under which

Stockholm has ruled out participation in those projects with
potential military application
which would run counter to its

Stockholm has ruled out par& D policy in 1954 under which
a supplementary SKr 150m is
being spent over three years to
strengthen the country's basic

research facilities.
In the past decade, Sweden bas seen the emergence of the science park phenomenon. Among the best known industry/academic research centres are Kista, Lund and Uppsala, where there is a dynamic the contract of the contr

Output now in fewer hands

Forest products

DAYID BROWN

SWEDEN's financially strong forest products producers are moving into the increasingly competitive world market on the heels of two years' record profits, heavy investment and extensive rationalisation. The pulp and paper industry

Following the late 1982 de-valuation of the krona of 16 in profits to SKr 1.27bn on 41 per cent, and the strength of the U.S. dollar, the value of Swedish forest products exports

However, the heavy interest had jumped by the end of 1984 by 18 per cent to SKr 47bn: the est performance in a decade. Pulp mills were operating at 95 per cent capacity and pre-tax profits in the sector rose 72.5 per cent to an estimated Skr 8.8hn. Pulp production climbed by 6 per cent to 9.2m tonnes, while paper output increased 7 per cent to 6.8m

Capital investments this year are at a record high, according to Statistics Sweden. They are expected to reach some SKr 6.5bn compared with SKr 3.7bn

the previous year.

Productivity has improved dramatically SCA, for example, has increased its total output hy 18 per cent since 1970, but is using virtually the same amount using virtually the same amount will be financed wit of raw materials. Employment denomineted in ECU.

This puts the industry in a relatively strong position now that the top of the paper cycle has been reached and pulp markets weaken because of excess production capacity world wide. Moreover, early this year, nine Swedish producers agreed to pay fines imposed by the European Commission for con-travening EEC competition rules, and gave in to pressure to stop quoting prices in dol-

extensive rationalisation.

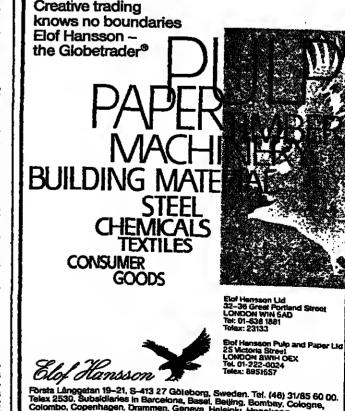
The pulp and paper industry accounts for close to 20 per cent of Sweden's exports, with output increasingly concentrated in the hands of a few large producers.

Evaluation to the state and the state and the late and the late

However, the heavy interest costs associated with its pur-chase of Billerud belped pull profits in the first eight months down by 60 per cent to SKr 661m on 4 per cent higher

sales of SKr 8.5bn. Markets for both pulp and timber also weakened. Svenska Cellulosa (SCA), is the largest single private forest owner in the whole of Europe, with holdings of more than 4.2m ecres. This 60 per cent self-sufficiency rate is one of the highest of any forest

company in the world. It is also a leading producer of machinery for the industry, and recently won an unique SKr 300m order from the Soviet Union for turnkey thermo-mechanical pulp plants, which



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Government may be forced to step in with new incomes policy

Pay talks system breaks up

Labour DAYID BROWN

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elertion.

THE Social Democratic administration in Sweden made low wage increases in the forthcoming pay negotiations as its number one economic priority.

The new post of Wages Minister with Cabinet rank reinforces this.

But how and at what price this can be achieved remains a big accepted by the manual workers question banging over the country's economic policy.

The once-orderly Swedish pay ployees who broke ranks this bargaining system is now characterised by an increasing fragmentation between and among employer and union groupings, and this may force the Government to step in with what, in effect, may be a new incomes policy.

Fragmentation is a relatively new phenomenon in Swedish industrial relations. The breakdown of the so-called "Swedish Model" for centralised wage negotiations — which had ensured an enviable record of peace in post-war labour rela-tions came only in 1983 after several years of recession and a decline in real incomes. It was a move which had been considered both inevitable and desirable by business leaders, who were keen to get more flexibility and greater scope for incentives in the

Swedish pay system.

But it also created a major threat to the Government's carefully balanced anti-inflation strategy and opened a Pandora's Box of free-for-all bargaining which produced a series of widely different pay settlements

over varying periods.

The fragmentation was complicated by the increasing number of workers employed by state and local governments. The growth of Sweden's wel-fare state has produced the Western world's biggest public employment sector, whose mem-bers have been increasingly strident in their demands for pay increases to keep pace with workers in industry.
In consequence, wage costs in

1984 rose by 12.3 per cent — well above the level among Sweden's major tradic;

Leap-frogging pay claims became so numerous in the fol-

of business:

lowing year that the Govern— The big trade unions bave higher wages for its members ment was forced to step in. not yet publicly announced than the LO average.

Union leaders were called to their pay claims, nor has the "We will never go back to the Prime Minister's office and Government stated its wishes the presented with a demand for Meanwhile, SAF, the employers' system a maximum 5 per cent pay increase norm, with the implicit total wage freeze. There also industrials of disease in the pay of the state of disease and the state of the state threat of direct intervention.

The pay norm was intended to help bring inflation down to 3 per cent, which would ensure over how any wage rises should the effective rise in real disthe effective rise in real dis-possible income the Government promised. As an incentive, Government offered a special tax rebate package.

ployees who broke ranks this spring, again demanding compensatory pay increases. Ultimately, the Prime Minister himself was forced to intervene and end the two-and-a-half week dispute which was Sweden's biggest-ever civil ser-

vant's strike. principle of direct government intervention in wage talks is something of an anaethema to the Swedes and

avoided. While the Government's orderly and inexpensive reso-lation of the pay problem, it remains uncertain whether the labour movement will he able to go along with it.

is growing disagreement within

members.
The federation is discovering how much more difficult it is to put up a common front in a period of economic concentra-tion than it was during the hoom 20 or 30 years ago.

Return

Centralised bargaining bas been the key to the LO's "wage solidarity policy." helping to narrow the relative pay spread between the 2.2m members of its constituent unions to 30 per

TO is anxious to bind the cracks in the system and return to a more centralised bargainanaethema to the Swedes and ing procedure, but so far withmost are agreed that similar steps this year should be believe the "Swedish Model" is dead.

In a direct and controversial economic policy is based, perrebuttal of the solidarity policy, ported by a beavy tax hurden,
haps more than ever, on an the powerful Metalworkers the Government's ability to
orderly and inexpensive resoUnion broke ranks last year to change the standard of diving conclude a separata deal with through its tax and benefits its industrial employers, and at its union congress this summer much more important factor in it. approved a motion to seek the forthcoming talks.

"We will never go back to centralised bargaining Mr · Ake system," 257.2 Norlander, president of VF, the industrial employers' federa-tion. "It is a thing of the past."

The industrial employers

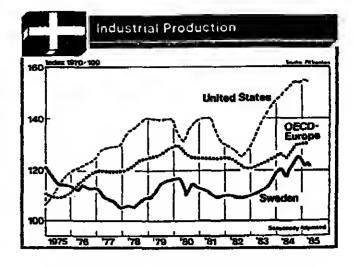
have increased the dissent within the union movement by agreeing with the metalworkers in September on the principle of higher-than-average pay increases for industrial workers. That has caused anger among the lower-paid within the LO and may force another freefor-all negotiation, with poten-tially disastrous consequences

for the Government's anti-inflation policy.

Meanwhile, other groups such as the SACO teachers' union have called for hefty pay rises while the nurses' uolon has topped the scale with a demand for as much as 30 per cent.

With this free-for-all looming ahead, the Government will have to consider what instruments it has at its disposal to influence the course of events. ployment sector in the world. and its benefits system the Government's ability to change the standard of diving

Investment



Slide from high profits

sector is the backbone of the country's economy, generating almost half its total industrial output.

Roughly balf its production is sold overseas and its share of total industrial exports has grown from 39.3 per cent in 1970 to 48 per cent last year. The biggest markets are the U.S., West Germany and

NOTWAY. Among its brightest lights are companies such as SKF, the world's largest manufacturer of rolling bearings; LM Ericsson with its digital AXE telecom-munications system; and Asea, Europe's largest manufacturer of iodustrial robots and a major competitor in the world market for power generation and transmission equipment, indus-trial process control and

However, following the major boom after the late-1982 devaluation of 16 per cent, profitability in the 100 largest engineering sector firms is now starting to drop by 0.6 per cent in the first half according to Statistics Sweden (SCB). The average rate of growth in turnover (13 per cent) is also declining. However, this comes

declining. However, this comes from extremely high levels following the devaluation, during which their financial strength also improved

Of more serious concern are reports from the industry itself that its economic cycle has already peaked. Capacity utilisation, according to the Swedish Engineering Federation, is on a downswing. Moreover, Swedish companies are losing ahares on their home market to foreign specialists.

With so many large companies in proportion to its population of 8.3m, Sweden has developed a serious shortage of qualified specialists.

period, but imports have risen by between 15 and 20 per cent. It is hoped that, as the volume of investment activity slows next year, so too will imports.

The down-turn has been most noticeable in the attenticat to investigate possible solutions. noticeable in the electricat engineering sector, where Asea, one of the country's biggest industrial corporations, has been forced to cut its profit forceast for 1985.

Demand for the transport sector led by Volvo and Saah Scania may also have peaked, although strong demand is expected to continue through

Engineering DAVID BROWN

the autumn in the mechanical engineering sector, One in every 10 Swedes in gainful employment works in the engineering sector, where the biggest areas are machinery and transport. However, total employment bas declined by about 30,000 to 200,000 in the past five years, with the biggest drops coming in shipbuilding

and mechanical engineering. The industry is expected to recruit some 20,000 persons anually over the next three years to compensate for a growing employee turnover, but overall employment is expected to remain level.

With so many large companies

The industry's past interna-tional success has long traditions hased on some key inventions including the self-aligning bati bearing (SKF); the cream separator, (Alfa Laval); the desk telephone hand-set (Ericsson); and the refrigerator without moving parts, (Electrolux).

However, ils present strength ts based on as high degree of flexibility, imaginative management and a willingness to espouse new production technologies.

Moreover, Sweden has taken an unusually rational approach in dealing with its ailing "smokestack industries."

Early last year, for example Sandvik and the A. Johnson group agreed to a major resteel industry with several provious manufacturers which bas involved beavy costs and closures but which bas also made Sweden one of the most competitive in the business. Meanwhile, the shipbuilding

sector is on the verge of far reaching changes. Sweden once over 10 per cent - has now declined to less than 1 per cent. There are indications the country may withdraw from the market altogether.

Although the engineering branch is dominated by the industrial giants in terms of turnover, five of Sweden's 10 competitors.

A recent study by the biggest companies are in the Export volumes in the first Swedish Federation of Indushalf climbed by some 4 per cent tries and the Engineering of every four companies employ compared with the previous Federation points to a major fewer than 50 people.

Ships capacity slashed

HIT BY a declining overall market, foreign government substities and protectionism. Swedish shipbuilding is dying.
Once one of the world's

higgest producers of merchant vessels with a world market share of over 10 per cent, the country now produces less than I per cent of the total. Ironically, virtually no other country has cut so much

capacity so quickly. Merchant shipbuilding is concentrated in the state-owned Swedyard group, which has slashed its workforce from some 25,000 since its formation in 1977 to about 11,000 today.

Early this year, the government took the politically difficult decision to shut down the Uddevalla yard which produced tankers and bulk carriers at a cost of some 2,400 jobs.
The remaining new building

The remaining it among the yard, Kockums, is among the most efficient in Enrope and Götzverken Arendal is a major player in the offshore fabrication market.

But both have short order books, face big gaps with no work, and are competing in an extremely limited market. Faced with the sink of swim requirement that It turn a profit on a strictly commercial basis by the end of next year, time is running out for

sector.

merchant shipbullding

ie by is

Policy on jobless proves expensive

THE Social Democratic administration has repeatedly ruled ont unemployment-in-ducing policies as an accept-able cost for achieving balance in the economy. But this position is becoming increasingly expensive.

According to AMS, the Swedish labour board: "The downturn anticipated in the next twa years will make heavy demands on the strength and flexibity of labour market policy. There is a grave risk of unemployment rising steeply.

Sweden has one of Europe's lowest rates of open johless-ness (3.2 per cent) and one of the towest rates of youth memployment for the ages 20-24 (7.4 per cent).

kanska is Scandinavia's largest civil engi

The company was founded in 1887 in Malmö, Sweden, originally as a manufacturer of cast

concrete products. By the turn of the century we were well-established in construction. Today Skanska is the parent company of a concern

whose development stems from its construction

Within Skanska there are three major areas

CONSTRUCTION is our main enterprise.

In our international activities we specialize

We pride ourselves on completing our pro-

Our PROPERTY MANAGEMENT busi-

ness develops and administers our extensive

tial properties. Skanska is Sweden's largest

tions endeavour to maintain and fortify

holdings of commercial, industrial and residen-

Skanska's established financial strength, which

includes large holdings in Swedish industry.

our international construction activities—is a

Our FINANCIAL MANAGEMENT opera-

We are a full-service corporation offering a complete range of resources for construction projects of all types and sizes-from prelimi-

in large, technically complex and advanced projects-often carried out on a design-con-

nary design to completed installations.

sive international activities. .

activities. The Skanska Group.

struct or turnkey basis.

jects rapidly. And on schedule.

private owner of real estate.

fundamental Skanska policy.

neering and building contractor, with exten-

This has been achieved largely through an extensive and costly system of so-called labour market measures, con-

These programmes employ about 200,000 people — about 4 per cent of the workforce. A further 138,000 are forced to take part-time work in spite of a stated preference for regular employment.

Beyond its traditional re-lief work and retraining programmes, the government has in effect attempted to outlaw joblessness among school leavers by requiring them to

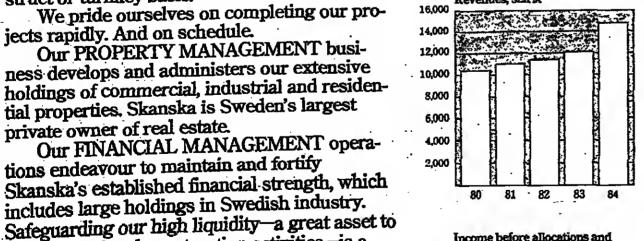
spend four hours every day in communal work hriendes to qualify for welfare benefits. However, even at the peak

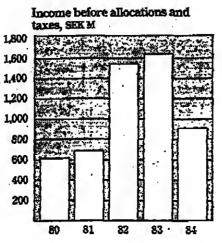
of the economic cycle youth unemployment in general con-tiones on a worrying upward trend, and there has been a marked increase in the number of long-term unemployed. Labour demand is expected

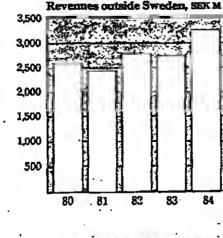
to remain unchanged, while the labour force itself will rise by about 50.090. AMS has al-ready tabled the outlines of an extensive new programme which would expand make-wark public infrastructure jobs for both young people and long-term unemployed and strengthen education and retraining schemes. retraining schemes.

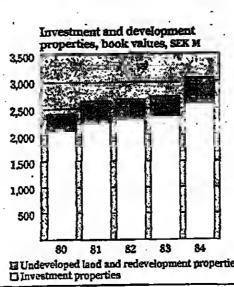
CONSTRUCTION HAS FOUNDED OUR FINANCIAL STRENGTH, WHICH IS NOW THE FOUNDATION FOR OUR CONSTRUCTION.

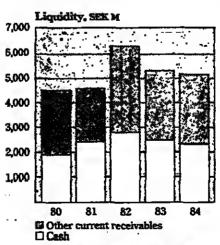
Exchange rate on December 31, 1984: SEK 1,000 - USD 111. SEK stands for Swedish Kronor and SEK M for million Swedish Kronor.

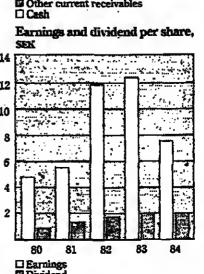


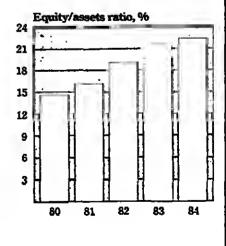






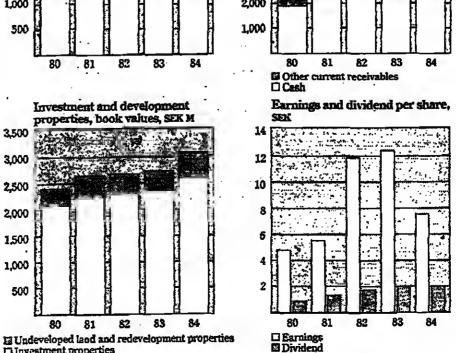








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panic of Scotland Money Market Cheque Account.



Young players back the Swedish miracle

Tennis IOHN BARRETT

IN THE TENNIS world, it is called the Swedish miracle. How else can you explain the fact that a country with a population of only 8.6m and a climate that allows outdoor tennis for only four months of the year cur-rently has four men among the world's top ten and two more above 30?

Further, Mats Wilander (3). Further, Mais Wilander (3),
Anders Jarryd (7), Stefan Edberg (9), Joakim Nystrom (10),
Henrik Sundstrom (21) and Jan
Gunnarsson (27), all come from
different areas of thecountry
—none from Stockholm.

Nor are they products of any national plan. Rather they are living proof that a talented sportsman or woman, given the proper facilities and opportunity to use them will rise. tunity to use them, will rise

The miracle can be traced directly to the phenomenal echievements of Biorn Borg in the mid-1970s. It was the impact of his four French and five consecutive Wimbledon titles between 1874 and 1980 that caused the number of tennis players in Sweden to double during that the Swedish sports Federation, time. A whole generation of founded in 1903, provides over Swedish juniors emerged emuthers of the swedish sports federation, time.

spin.

More importantly, his example fired the ambitions of a whole generation of tennis parents who wanted the same opportunities for their offspring for training and coaching that unpires and officials.

about 200 in Stockholm alone and most of the clubs are run by the members themselves.

This amateur commitment to sport runs through the whole of Swedish society. Throughout the 23 administrative districts the Swedish Sports Federation, the Swedish Sports Federation.

Actually, it's perfectly logical. If you merge Alfred Nobel's first Swedish compony with his last one, the result could only be Nobel Industries Sweden.

opportunities for their duspring for training and coaching that he had enjoyed.

This demand for court time put the pressure on local councils to embark on a building programme to provide indoor courts; and the craving for instruction put demands on the structure of Sweden's tennis association.

Happly, both groups of administrators answered the challenge. Local authorities in large and small towns through out Sweden built a variety of structures in wood and steel to provide between two and six indoor courts where membership fees of about £15 per year gave them pre-booking rights. And anyone could walk in and play on empty courts for the home.

Local authorities in of national champlons is pre-training of young players. I watched Lena Sandin, a former number one, working with a group of promising teenage girls last November. Another always ready to give his time to home.

There are now about 1.400 there are only 30 full-time permanent indoor courts detted coaches in Sweden (and many about the country, including part-time ones) but during the about 200 in Stockholm alone past decade the National Tennis and most of the clubs are the coaches in Sweden (and many part-time ones) but during the

Government grant is about \$300,000 which represents

approximately one quarter of their total income of \$1.25m. The balance comes from tho Davis Cup (all the Swedish players sign contracts to play for nothing in return for the help they all received as juniors), from the Swedish Championships in Bastad, from membership fees of the affiliated clubs (\$65,000 per year), from TV and radio fees, from equipment testing and enthorisation and, increasingly, from sponsorship.

from sponsorship.
Short Tonnis, a miniature ver-

while having fun.

from sponsorship.

Short Tonnis, a miniature version of the game, played with carefully - designed plastic raquets and a sponge ball, is a and-under, 16-and-under and 18-and-under. To see the enthusiasm of a group of five- to eight-year colds all executing full tennis swings, is to know that they are acquiring healthy attitudes to while having fun.

weapons.

At tho top of the pyramid are the national squads in each of the recognised age groups—14-and-under, 16-and-under and 18-and-under,—which are a responsibility of one (sometimes two) coaches who accompany them to the international team competitions and tournaments with the alm of making their charges while having fun.

The last vital ingredient is Parents have a vital role to play while their children learn to perform a difficult skill well. As Leif Dahlgren, former director of education for the Swedish Association, says: "Witbout the wholehearted co-operation of the parents no youngster, however talented, will succeed."

"It Blazz Borg's parents had emmal training cemos and selectives and strongest characters climb. The rewards are attendance at the popular command training cemos and selectives."

"If Bjorn Borg's parents had not been prepared to drive 20 miles per day in each direction to give Borg the early coaching with Percy Rosberg, how could be bave developed?"

The astuteness of Rosberg has become legendary. He was

ment during the winter) you begin to understand why the Swedes are such good match players. At one time Borg, Wilander, Jarryd, Sundstrom, Nystrom and Edberg have all won at least one age group of the Kalle Anka Cup.

When in finure years we try to analyse the most lasting contribution this remarkable group of young Swedes has made to our sport, perhaps the most important element will be the restoration of a sense of pride and propriety on the court plus a sense of comradeship and delight in the successes of their team-mates off it.

This happy band of warriors

team-mates off it.

This happy band of warriors reminds me so much of those carefree Australians of the 1950s and 1960s.— like Lew Hoad and Ken Rosewall, Rod Laver and Roy Emerson, Fred Stoile, Neale Fraser. John Newcombe and Tony Roche.

As they did, so many times the Swedes have wen the Davis Cup in 1984 and are in the final again this year.

How for the Swedish mirrots

How far the Swedish miracle has left to run only time will tell, but there are plenty thore young men of awesome talent about to burst upon the scene. So there will always be as long as cheap facilities and coaching are allied to convertually and as enemp reclimes and coscoing are allied to opportunity and competition. For how long, I wonder, will the rest of the world ignore that simple mes-

BY DAVID BROWN

PROFILE: IKEA



Ingvar Kamprad (right) with Anders Moberg

Nobel Industries Sweden

Nobel Industries Sweden is a new corporation. But a corporation with a tradition.

The name itself implies an obligation. And we believe we can live up to it. In the spirit of Alfred Nobel, we are concentrating on advanced chemistry and high-technology engineering products with a significant share of ordnance.



Ordnance

Electronics

This is the corporation's civil

electronics unit. Production,

partly located in the United

States, consists of measuring

hydraulic regulating systems

and pressure sensors.

Explosives and

The business area consists of Nobel Kemi AB which has four

profit centers: Nitro Nobel AB, Nobel Chemicals AB, Nobel

prises propellants, high explo-

Chemicals Inc., and Nobel Chematur. Production com-

sives, charging explosives.

pyrotechnics, fine chemicals

and intermediate products for the pharmaceutical industry.

Nobel Chematur markets and

builds complete processing

Chemicals

and weighing systems, electro-

AB Bofors develops, manufactures and markets complete defence systems in the form of mainly in the areas of anti-aircraft and anti-tank weapons. tanks, field artillery, naval weapons, airborne weapons systems and special ammunition. Bofors' activity is concentrated on Sweden's defence needs, but the company is also involved in exports.



Subsidiaries Nobelpharma.

Today false teeth can be anchored in the jaw using tita-nium screws. This is an estab-lished method at 130 specialist clinics throughout the world. Nobelpharma is responsible for product development and marketing of the system.

Kemi-Intressen is a trading company of ours.



Some of the best-known brand names included in the business area of chemical-technical production are Barnangen, Liljeholmens, Gahns, Vademecum, Substral and Haxan polishing ageots. There are plants in Austria, France, Sweden and West Germany.



Plastics

Nobel Plast is 75% owned by

Nobel Industries Sweden. It is

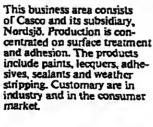
Scandinavia's largest specialist

manufacturer of plastic compo-

ments for the transport, defence

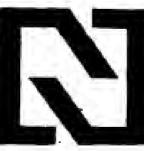
and engineering industries.

Adhesives and Paints This business area consists Nordsjö. Production is con-centrated on surface treatment and adhesion. The products





Specialty Chemicals The business aree consists of the following subsidiaries: KenoGard - plant and wood protection, Kenobel - surface active chemicals, and Extraco - food products. This is where the corporation's work in biotechnology will be centered.



17.000 people work for Nobel Industries Sweden in 26 countries around the world. Our sales omounted to SEK 11,000

Poised to invade UK

IREA, one of the world's largest furniture chains which offers low-cost, assemble-yourself Scandinavian furniture, is poised to invade the UK in the next step of its phenomenal international ex-

With annual sales of SKr countries, Ikea's move is sure to cause concern among its potential new rivals, Habitat and MFL

Its well-eiled organisation has successfully penetrated France, West Germany, and most recently the U.S. among other areas and has achieved an annual growth rate of some 20 per cent in what is generally considered a rela-tively quiet market.

The company has a work-force of 8,400, some \$25,000 sq m of floor space around the world and its latest catamillion copies in 10 languages.

About 55 per cent of its furniture is truly Scandi-navian but it has also turned to cheaper sources such as Eastern Europe, which now provides 20 per cent of the total.

The group is the brainchild of Mr Ingvar Kamprad, a

PROFILE: HENNES & MAURITZ

southern Swedish Smaland region, who started out in the late 1940s selling flower seeds by post, moved into mail order and finally hit upon the concept of selling furniture in His first overseas move was Norway in 1963, Today,

West Germany is the single largest market accounting for 33 per cent of turnover, followed by Scandinavia with 31 per cent and the rest of Europe 22 per cent. Meanwhile, it has slowly

moved into areas like insur-ance, banking and finance. Al-though the family-owned group does not provide pro-vide profit figures, outside estimates have put net carnings at some SKr 500m-600m. In the midst of a number of ambitious expansion plans, however, Mr Kamprad has decided to withdraw from ac-tive management of the

furniture operations.

The group, whose identity and focus are very much built around his personality and unique philosophy, will thus have to handle the potentially

difficult succession problem secently, he appointed his chief of French operations

Mr Anders Moberg, an Ikea employee for 15 years, to take over the furniture units from next September, Mr Kamprad will, however, conthrue overseeing the product line and purchasing policies from his base in Lausanne. Mr Kamprad has three sons

that one of them will qualify for a management position. However, he says he does not want in any way to jeopardise the unity and development of Ikea.

While the company trades on its Scandinavian image, it has in fact been gradually moving out of Sweden. Faced with the prospect of high taxes and death duties — Mr Karoprad is domiciled in Switzeriand — a complicated corporate and ownership structure has been developed.

The management is new based in Copenhagen, A number of Dutch-based holding companies — which are owned by a Kamprad foundation - own the operational companies outsido

The main part of the shares in Ikea Svenska, the Swedish operation, are still controlled by the Kamprad family.

BY DAVID BROWN

Strategy of expansion

HENNES & MAURITZ, built on Mr Erling Persson's con-cept of "good clothes at a low price, has managed to invade the weak Swedish retail market with a strategy of overseas expansion innovative stock control. The group has achieved a phenomenal growth since it was founded in 1947, particularly in the 1960s when the baby boom generation first appeared in strength on the

appeared in strength on the market.

H&M turnover has grown an average 19 per cent over the past decade. Last year when Swedish retail colume as a whole dropped some 0.5 per cent, the group reported a 20 per cent rise in turnover to SKr 2.04bn. Operating profit climbed 54 per cent to SKr 213m.

"We are very satisfied with our results and expect

our results and expect further similar improve-ments," notes Stefan Persson, who took over from his father in 1981. "But in this

industry things can swing so quickly that you have to be careful with forecasts." The group's low cost profile among consumers has par-tially insulated it from the fortunes of the economy as a whole. But, with hard times

shead, H&M is taking no chances. It is pursuing an aggressive policy of expan-sion in overseas markets. The first foreign stores

were opened in Denmark and Norway in the late 1960s, followed more recently by England, Switzerland and West Germany. Today, fully half the group's 160 outlets are outside Sweden. They

are outside Sweden. They generate some 40 per cent of total turnover.

In the UK, sales grew 45 per cent last year. In Switzerland and West Germany the figures were 65 per cent and 53 per cent respectively. Rather than opening on entirely new markets, Mr Persson new plans to focus on expanding in existing on expanding in existing ones.
Improved capital use and

higher productivity are major priority areas. With the relatively low margins in the retali sector, the rate of capital turnover is a key ingredient to high profit-

ability.

Rather than buying on a seasonal basis, as is customary in the business, H&M operates on the concept of continuous purchases and stock turnover. An extensive computer net-work keeps track of stocks

and turnover. This allows a quick response—the manage-ment marks down poorly seli-ing goods to cost and can pinpoint popular items for fast reorder. Much of the buying is done in the Far East. Moreover, it has taken care not to allow administrative

overheads and employee levels to keep pace with the rise in turnover. Productivity has grown impressively. Sales

has grown impressively. Sales per employee have climbed from Sr 490,000 in 1979-86 to SRr 774,000 last year.

Had has changed its prefile to follow the generation it has been built on. Although it once focused on the younger age group it now caters to the needs of the entire family. Children's ciothes, for example, nawmake up a quarter of its turnover.

Meanwhile, it has solved a number of problems including the Rowells mail order opera-tion which has been brought back to profit after eliminat-ing superfluous products.

Although H&M is a listed

company on the Stockholm bourse, it is still controlled by the Persson family, which holds 40 per cent of the shares and 60 per cent of the



Nobel Industries Sweden

Industrial Chemicals

KemaNord Industrikemi pro-

vides the market with silicon

calcium carbide and technical

nitrogen products. KemaNord

Blekkemi produces sodium

chlorate for pulp bleaching. It is the market leader in the

world. The large power re-

quirements of the two compa-nies are provided by Kema-

Nord Kraft which has its own

hydro-electric power plants.

Associated companies

The company's specialty is sophisticated titanium produc-

tion. Permascand is a leader in this field. It is the first company in Scandinavia to invest

in a high-energy laser. The company manufactures anodes,

process systems and titanium

Nobel Industries also owns

40% of Componenta Kilsta.

Permascand

Nobel Industries Swedon AB, (Gustav Adolfs Torg 18), Box 16397, S-10327 Stockholm, Sweden

Tuesday November 5 1985



US forest products group faces hostile bid from Belzbergs

BY WILLIAM HALL IN NEW YORK

FIRST CITY Financial, the Canadian financial services company con-trolled by the Belzberg family, has Potlatch's shares jumped by \$6% to launched a US\$693m hostile take-\$42% in early trading yesterday. over bid for Potlatch, the San Francisco-based forest products group.
Poflatch is the second West Coast forest products group to face a hos-has a dominant stake several other tile takeover bid within the past 12 founding families are understood to

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sets have attracted the attention of a corporate raider. Earlier this volved in several hostile takeover year, Sir James Goldsmith, the bids in the US and recently won Anglo-French financier, succeeded Anglo-French financier, succeeded control of Scovil, the Connecticut in winning control of Crown Zeller-company which makes Yale locks. bach, the San Francisco-based paper and forest products group. Brothers, Hyman and William, op-Potlatch, like most of its rivals, erate mainly under the umbrella of has been hit by the downturn in the the Vancouver-based First City Fi-US forest products industry this nancial and first came to Wall year which has been exacerbated. Street's attention when they bid unby the impact of the strong dollar. successfully for Bache, one of Am-Its earnings fell by 16 per cent to erica's most famous Brokerage \$33.3m on a 5 per cent sales decline to \$721m in the first nine mouths of

First City Financial is bidding for

Potlatch is one of several companies founded by the Weyerhaeuser family and although it no longer months and the latest in a string of control close to 40 per cent of the such companies whose undervalued equity.

First City Financial has been in-Mr Sam Belzberg and his two Street's attention when they bid unfirms. The family helped finance Mr T. Boone Pickens' pursuit of

John Davies in Frankfurt charts a computer group's rapid progress in telecommunications

Nixdorf taps the telephone market

ambition. Nixdori Computer of West Germany is gaining a firm foothold in the market for some te-

The company aims to build up telecommunications as a major source of sales revenue alongside its various electronic data processing operations.

Nixdorf says it has delivered

1,000 of its digital private automatic branch exchanges (PABXs) to customers since they were launched three years ago. It also claims to have delivered several thousand of its "Digitor" digital telephones ince their launch last Fabruary. since their launch last February. Nixdorf is shy about disclosing how much sales revenue it is earning through these and other activities in the telecommunications area. But Dr Horst Nasko, the lecommunications, says it is a "three-figure sum" in terms of mil-

doubling every year. From all its activities, Nixdorf earned sales revenue of DM 3.27bn

lions of D-Marks a year. Perhaps more significantly, it is currently

revenue during the four years to bring together voice, text, data and

The company, which has more than 21,000 employees world-wide, lifted sales revenue in the first half of this year to DM 1.56hn, 24-per cent up on the same period last

In telecommunications, most of its sales are in West Germany, but pean export markets, as well as China and Japan.

Dr Nasko estimates that Nixdorf has about 10 per cent of the West German market for PARXs with 30 or more telephone extensions. This compares with a market share of about 5 per cent last year.

Its powerful competitors include Siemens, Telenorma (formerly known as Teleionbau und Normalzeit), and Standard Elektrik Lorenz (a subsidiary of ITT of the US). Nixdorf has set out to be a jump

ahead, as its telephone equipment is designed to offer, in mure, the advantages of the so-called integrated services digital network (ISDN) which West Germany is

Denmark to

mining group

DENMARK'S coalition governmen

will privatise one of the few state-

owned industrial companies in De-

cember, by selling the state's 50 per cent stake in Kryolitselskabet

The public flotation is expected to

be the biggest money raiser in the history of the Danish equity mar-

ket. The shares, with a nominal val-

ne of DKr 97m (\$10.2m), will be sold by tender from December 9-11 and,

although the minimum price has

privatise

video transmission in the same digital telephone network. Users will be through the same telephone equip-

The Bu postal and telecommunications authority, plans to bring in ISDN in stages. It has already taken a step by approving digital telephone ex-change switching systems from Sie-mens and SEL, and has also arranged ISDN trials in the Mann-

heim and Stuttgart areas, begin-

ning next year. The Bundespost expects to give the go-shead for ISDN once these trials are finished in about 1988, although the network is not likely to be fully digitised until about the

These technological developnew information processing services, as well as business opportunities. Because of this, Mr Heinz Nixdorf, the data processing company's founder and chief executive, has been calling loudly for the Bundeselephone network. Nixdorf's move into telecor

cations reflects the coming together technologies. It tends to view new telecommunications products as modules for building up a system of

The company, which has a strong marketing and user-oriented approach, is also aware that it has to offer complete solutions for customers' needs, involving data processing and phone communications.

As an example of this trend, it re-

cently obtained an order from the Chinese to instal an inter-linked system of data processing, teleones and point-of-sale terminals at the 33-storey Asia Hotel in Despite some setbacks. Nivdorf

has exploited sizable segments of the data processing market since ments are expected to lead to many the company was founded 33 years new information processing ser ago. It has built a particularly strong position in supplying data processing equipment for banks, insurance companies and retailers.

As part of its international expan-

Singapore. After going public with shares in 1984, the company raised more than DM 700m in a rights issue earlier this year.

Mr Nixdorf has already designat ed Mr Klaus Luft as his successor but remains a driving force in management of the company which he built up from nothing.

In its telecommunications activi ties, Nixdorf has its eye on opportu nities in the public communications network, and equipment for tele phone users. In one such project, it is co-operating with a West German partner in supplying broadband switching systems to the Bundes post for a videophone and video conferencing network between

Dr Nasko says Nixdorf also sees the US as a potential market for some telecommunications products such as videotex equipment. Com pany executives are at present pre paring to tackle this target.

He says Noxdorf has no plans present for linking with other com panies to widen its range of tele

Benedetti steps up stake in Milan private bank to 10%

BY ALAN FRIEDMAN IN MILAN

Italian financier, has increased from 8 to 10 per cent his stake in Banca Agricola Milanese, a private-bank which is the object of a hostile public takeover attempt by Banca Popolare di Milano, Italy's 14th largest bank.

The de Benedetti share stake, held through the Cofide family holding company, places the Olivet CIR has 45 per cent of Buinni, 21 ti chairman at the centre of an unper cent of Euromobiliare, the inusual development in Italian banking: an unwanted takeover bid.

ris. Ha retains 68 per cent of the

Cofide is the ultimate holding vehicle of the de Benedetti family and has 35 per cent of CIR, the holding vehicle which in turn controls 13.7 per cent of Olivetti and other important industrial and financial

vestment bank, and 65 per cent of Sasib, which makes car compo-The share issue of 25 per cent of nents and cigarette-making ma-

Cofide on the Milan bourse yester chinery.

CIR also controls 57 per cent of Mr de Benedetti sild 7 per cent of Sabaudia, another holding vehicle.

MR CARLO DE RENEDETTI, the Cofide to the Indosuez group of Pa- Mr de Benedetti said 8 per cent of Sabaudia has recently been sold to. Middle Eastern investors. Sabaudia, in turn, has 7,13 per cent of Pirelli and Company, the Milan vehicle which has partial control of the Pirelli group. Sabaudia also has 8.19 per cent of Caboto, the property and financial group which is merging with Pirelli and Company.

Sabaudia, which is to raise L300bn (\$169m) on the Milan bourse through a rights issue, has important shareholdings in the L'Espresso and Mondadori publishing groups, in the GIM metallur-

not yet been fixed, it is expected that the issue will raise between DKr 700m and DKr 800m. The decision to sell the state's holding was taken in 1983, but has been repeatedly delayed by political obstacles in the Folketing, where

> nority of the seats. 1930s to mine cryolite, a minera used in aluminium smelting, in

the Government controls only a mi-

The state owns half the shares but has rights to two thirds of the dividends. That situation will be eliminated by a bonus issue to the 350 existing private shareholders.

The cryolite deposits in Green-

land are close to exhaustion and the company recently diversified into Danish manufacturing. The group's subsidiaries include

the Danish Fancy Food Group, a leading exporter of Danish butter cookies; Gerni, a manufacturer of high-pressure industrial cleaning of bakery machinery; Dansk Salt, a monopoly salt producer; and Danted medical and scientific electronic measuring instruments.

Group turnover in 1984 was DKr 1.33bn and pre-tax profits were DKr 115m. Turnover is expected to inprofits to DKr 150m in the current year. Danish Fancy Foods accounts for about half of group turnover.

Wells Fargo raises DM 300m

The sixth D-Mark floating-rate issue in the November calendar was launched by Commerzbank for Wells Fargo yesterday raising DM 300m, writes Maggie Urry in

Traders are beginning to wonder if demand for such paper is drying up after DM 145bn was raised through the first five deals. rate note for Banco di Sicilia, was The Wells Fargo deal was trading launched. The deal, led by Mitsujust within the 35 basis point fees at bishi Finance International, came around 99.75, while the earlier deals on slightly more generous terms slipped back slightly.

THE Benk bond systems Mov 4 104.213

Late in the day Deutsche Bank launched a DM 100m 10-year issue for Heron International Finance, part of the private British company. Terms were set at a 7% per cent coupon and 99% issue price. Trading in the fixed-rate D-Mark market is still suffering new issue indigestion and the secondary market is still suffering new issue placement of Euronotes for Gasunie with a five-year life, a 6% per cent coupon and 100% issue price. Trading in the fixed-rate D-Mark market is still suffering new issue indigestion and the secondary market is still suffering new issue placement of Euronotes for Gasunie with a five-year life, a 6% per cent coupon and 100% issue price. Trading at 98, down from the par issue of 25,000 beaver charge and 40 000 beaver

around 99.75, while the entire than San Paolo Bank's issue assisted than San Paolo Ba Late in the day Deutsche Bank The Swiss franc foreign bond

New York bond market's slightly company. This has a 12-year life weaker opening did nothing to and the coupon is fixed at 5% per

The French franc Eurobond market is carefully regulated by the banks and a FFr 375m issue for City of Stockholm met good deman The deal, led by Credit Commercial de France, has a 10% per cent coupon for its first five years, the low-est seen in the market since it reopened in April. After that the coupon will be reset for two more periods of live years, with put and call options. The bonds were trading around 99% compared to the par is-sue price, well inside the 1% per

cent fees. Bank priced the European Invest-ment Bank's FI 200m 10-year issue at par with a 7% per cent coupon. AmRo also announced a F1 75m pri-

the weaker dollar, and prices supprice.

Supprice.

Supprice.

Supprice.

Supprice.

Supprice.

In the primary market UBS participation certificates, arranged because fixed rate prices were launched a SFr 150m public issue by Credit Suisse First Boston, could be priced as early as the close of hustress today. bearer shares and 40,000 bearer be priced as early as the close of business today.

International bond service,

Launch for Euro-Australian CDs

BY GORDON CRAMB IN LONDON

Euro-Australian dollar certificates presence to merchant banks and of deposit, intended to broaden and those Australian brokerage houses of deposit, intended to proace and consolidate the market interest operating in London. the launch as an experiment which has evolved this year in the Australian dollar sector.

Australian dollar sector.

A secondary market in the CDs (USALLAM) was a secondary market in the CDs represented a larger value than will initially be restricted to those represented a larger value than will initially be restricted to those represented a larger value than the control of the larger value that currently on offer in any other of up to six months, but a medium-term market ranging to a five-year maturity is expected to develop in time. This could allow for further refinements including interest-rate CDs could in a year account for 5 to Bank of NSW, and State Bank of and currency swaps.

A GROUP of eight Australasian banks will today launch the first ondary market might also offer a some A\$100m.

The issuing banks believe a sector, or up to some A\$100m.

The eight issuers also include Bank of New Zealand, which views

A secondary market in the CDs (US\$1.4m) which the banks said for "Euro-Kiwi" CDs. 10 per cent of total volume in the South Australia.

Apart from it and the ANZ, the others are Westpac, Commonwealth Bank of Australia, National Aus-

Handelsbank to

By Our Copenhagen Correspondent

COPENHAGEN Handelsbank is

offer rights

making a combined rights issue and a DM 100m (\$38m) bond issue with warrants. Listings for the bond will be sought on West Ger-man bourses and the bank is also applying for its shares to be quoted in Germany. They are already listed in London.

The DKr 131m (\$13.7m) share is sue on a one-for-10 basis, will be priced at 250 per cent of par, raising DKr 328m. The warrants that go with the bond issue will entitle

UK and US bank reserves 'among smallest'

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

lest provisions to cover possible lest provisions to cover possible losses on their Third World losses. But "most large US banks have 5 will be reedier to take immediate although, overall, most banks have per cent or less for all problem sovereign debt."

built up "reasonable reserves". That is the conclusion reached by IBCA, the London-based banking analysis company, in its latest re-

banks varies from "100 per cent to nese banks 5 per cent. banks varies from "100 per cent to very little" with large banks running at around 5 per cent. In the levels might lead to difficulties in future negotiations about less de little strategies from "100 per cent to 83 per cent, Mexico 78 to 83 per cent, Mexico 78 to 82 per cent, Argentina 83 to 67 per cent, Venezuela future negotiations about less de

By contrast, IBCA says Canadian day." banks have 10 per cent, the big three French banks 20 per cent, the port on international bank perforleast 20 per cent, Swiss banks "well nance.

IBCA says that reserving by UK above" 20 per cent and most Japa-dary market. It says that in October

BRITISH and US banks are among bank regulations to make reserves veloped country (LDC) debt because the smaller third world cause banks will lose their identity. The recent initiative by I hand accounting to put off the evil

> IBCA says reserves should be at least 20 per cent to meet the discounts at which Third World loans are changing hands in the secon-

The recent initiative by Mr James Baker, the US Treasury Secretary, to ease Third World debt is important because it brings the problem back into the political arena, although many of its details are

Although it is highly unlikely that banks will lend another \$20bn on their own risk to LDC countries as Mr Baker proposes, IBCA says new funds could be channelled through international agencies, or through the banks with the guarantee of

Record quarterly profit for People Express

BY TERRY DODSWORTH IN NEW YORK PEOPLE EXPRESS, the US cut- cents a share, compared

price airline which recently. acquired Frontier airlines, reg-istered record earnings in the third quarter despite the loss of revenues aused by Hurricane Gloria in

September.

Net income for the quarter amounted to \$16.5m, or 55 cents a share, against \$6.8m or 20 cents in the same quarter of last year. Operating revenues also rose strongly to 5269.6m, against \$174.8m, with Hurricane Gloria costing the group around \$3.5m in lost revenue and increased costs.

In the first nine months of this year, however, net income was virtually unchanged at \$10.7m, or 10 Frontier Airlines.

\$10.8m, or 34 cents in 1984. ·People Express has launched an

this year, with the aim of develop-ing its services within the US, as well as on transatiantic routes. In the early part of the year, the increased costs associated with this rapid growth ate into profits, even though traffic increased.

Some analysts are now warning that the company's results could be bit by a fierce price war which is de-veloping between it and Continental Airlines, another cut-price carrier which also tried to take over

Union Bank of Finland plans further offer

By Offi Virtagen in Helsinki

UNION BANK of Finland, which gained a 54 per cent holding in Bank of Helsinki after a bid battle with the savings bank group Skopbank; plans to offer four of its own shares for each of the BoH shares not yet tendered. That values Bold shares at FM 83 (\$14.8m), compared with FM 53 a share at the time the contest began two weeks ago.

The ethics code of Helsinki stock exchange stipulates that a merger can take place only when a share-holding exceeds 80 per cent. UBF has not said what it will do when it reaches that point.

Friendly merger for **US** shirt maker

By Our New York Staff

WEST POINT-PEPPERELL, the large Georgia-based textile group, has made a friendly \$375m hid for Chiett, Peabody & Co, the world's biggest shirt manufacturer which has been lighting a hostile takeover vear-old Californian property devel-

Mr Bilzerian and his investo group have agreed to sell their 23.5 er cent stake in the company to West Point for \$39.45 a share and to drop their tender offer for Cluett. Under the deal, Cluett shareholders will get a mixture of cash and West Point paper equivalent to \$41 per

After the merger, the two compa nes, which had combined sales of \$2.2bn in 1984, will be an important diversified supplier of hranded consumer soft goods with substantial private label volume, which will include well-known names like Arrow Shirts, Martex and Lady Pepperell bed and bath products.

Rio Algom stays ahead

By Kenneth Marston in London

EARNINGS of Rio Algom, the Canadian arm of London's Rio Tinto-Zinc mining and industrial group, continue to run ahead of those for

Although easing to C\$20,12m (US\$14.6m) in the third quarter they make a total for the first nine months of C\$66.2m, or C\$1.50 a share, compared with C\$52.3m in the same period of 1984.

The major factor in the higher earnings has been the improvement at the 68.1 per cent-owned Lornex Mining as a result of higher production of copper, coal and molybdenum, better prices for molybdenum and cost controls.

FINANCIAL HIGHLIGHTS

ARAB-MALAYSIAN MERCHANT BANK GROUP

Audited Consolidated Results

			1 2 2 14
	31st Merch. 1984 In Million MS	31st Morch. 1985 In Million MS+	% Clamge
Net Pretus Profit For Year Shoreholders Funds Leans & Advances Net of Provisions	42.0 129.2 1,559.2	42.7 182.6 2.079.8	+ 1.7 +41.3 +33.4
Deposits and Borrowings Total Assets	1,705.8 2,259.2	2.401.2 3.116.8	+ 40.8 + 38.0
Tumover of Money Market	10 855 0	20 500 8	4.53

To linguous the further exponention of the Group, the Bonk issued MS40 million Unsecured Conventible Subordinated Loan Notes to shareholders on 31st january, 1985.

Arch Molaysian Merchant Bank Berhad made a pretax profit of MS27.5 million, an increase of 4.9% · Arab Malaysian Finance Berhad, the Bank's subsidiary finance company, achieved a pretax.

Profit of M\$15,5 million, on increase of 21.2%. Previous year's figures have been restated as a result of a change in accounting policy in respect of accounting for interest income on non-performing accounts in line with the recommendations of Bank Negara Malaysia.

The Brank estribitation of 65/35 joint venture with Malaysian Tobarco Company Berhad in Arab-Malcyska Instrumes Berhod.

. In March 1986, the Bank acquired a life insurance company. Perima Assurance Berbad. The Bank was appointed financial adviser to SILR Son Blid, a company responsible for the Light Rail Transit (LRI) system for Metropolitan Kualo-Lumpur. The Bank also completed its study on the privatisation of labatan Telekom Malaysia, the first major public sector enterprise to commence

DATO AZMAN HASHIM



pank of Scotland Money Market Cheque Account.

INTL. COMPANIES & FINANCE

The London offices of the following institutions announce that with effect from 5th November 1985 they will be issuing

EURO-AUSTRALIAN DOLLAR CERTIFICATES OF DEPOSIT

ANZ BANKING GROUP BANK OF NEW ZEALAND COMMONWEALTH BANK OF AUSTRALIA NATIONAL AUSTRALIA BANK THE RURAL & INDUSTRIES BANK OF WESTERN AUSTRALIA LICENSED DEPOSIT TAKER STATE BANK OF NEW SOUTH WALES LICENSED DEPOSIT TAKER STATE BANK OF SOUTH AUSTRALIA LICENSED DEPOSIT TAKER WESTPAC BANKING CORPORATION

Mainland Chinese acquire strategic Wormald stake

A COMPANY controlled by mainland Chinese interests has emerged with a 9 per cent holdemerged with a 9 per cent hold-ing in Wormald International, Australia's leading fire protec-tion and security concern, at the same time as the Sunshine Australia group has secured effective control of Wormald immediately after launching an A\$225m (US\$226.4m) takeover

offer.
Sonshine, cootrolled by Mr
Lee Ming Tee, a Malaysian
Chinese now resident in Australia, increased its holding
from 20 per cent to 36 per ceot
immediately after announcing
its offer. This followed the
unloading by Wormald's previously unsecessful sultor, the
Adelaids Steamshin. Company Adelaide Steamship Company (Adsteam), of its 25 per cent parcel to Sunshine and to Hongkong Macao International

created by mainland Chinese interests in partnership with Hong Kong Chinese businessmen. Hongkong Macao is already a

Hongkong Macao is already a joint venture partner in Wormald. In August it announced an all-purpose trading venture with the Australian company following an introduction from Mr Lee. who owned 2 per cent of Hongkong Mecao. Mr K. P. Chao, the head of Hongkong Macao. recently took a board seat at Wormald. Under the intricacles of Australian. Under the intricacles of Australian takeover laws, the two share purchases yesterday could mean that remaining sharc-holders in Wormald will not have the opportunity to accept the AS4 e chare bid from Sun-

The bid is dependent on Sun-shine becoming entitled to 90 per ceot of Wormald, which is

almost Impossible should Hong Kong Macao keep Its holding. By increesing its holding to 36 per cent. Sunshine has played s6 per cent, Sunshine has played within the rules which allow purchase of 20 per cent of the total number of shares sought—in this case one fifth of the 80 per cent of capital not elready held, or the 16 per cent bought yesterday. By mainteining its holding at 36 per cent it could return all acceptances should its hid fail to take its stake to 90 per cent.

The National Companies end Securitles Commission is looking into the transaction.

The bid price is in line with recent market quotations, which have included a considerable speculative component since Sunshine symied Adsteam's takeover espirations in July by huilding its 20 per cent holding in constitute.

A\$35.9m is expected to be raised from a one-for-three rights issue to existing share-Negotiations are un

with a potential underwriter for the new issue. Wardley Australia, which handled the June launch, has declined to assume the same role for the issue. Ord Minnett, the leading Sydney stockbroker, is consider-ing whether to handle the issue.

Shares in Burswood Property

More funds

THE PROMOTERS of Perth's

troubled casino project have received permission from the

equity funds. The budgeted cost of the easino has ehot up from A\$210m (US\$146.3m) to A\$285m in the past three weeks.

The state-owned R & I Bank to give A\$30m of new credits

to the joint developers Genting of Malaysia, and Mr Dallas Dempster, a West Australian entrepreneur. A further

for Perth

casino

project

Trust were offered originally at their 50 cents par value. Over-subscription pushed prices to around 90 cents in the first week but, following news of the week but, following news of tho cost overruns on construction, they have fallen to 52 eents.

The 73m new shares would need to be priced at just under 50 cents to raise the A\$35.9m.

The casino, which is expected to open in December — six months ahead of schedule — is currently the biggest building project in Astrolia.

Hals

Malaysia relaxes new listing ban

listings on the Kuala Exchange Merchant banks have been

Committee is prepared to grant disting approvals to selected companies engaged in economic activities that the government wants to promote, particularly in high technology or exportorientated ectivities.

The han on new listings was and the han had actually slowed imposed by Mr Dalm Zainuddin, trading activity, the Finance Mioister, as one in September, the euthorities the Finance Mioister, as one of his many market-boosting measures. The Minister felt that the flood of share issues in recent years bad been a major factor depressing the Merchant banks, while agree-

ing with Mr Dalm's geoeral contention, had argued that new listings form only e small

made a special walver to allow the state-controlled Malaysian Alrilne System (MAS) to be quoted on the KLSE. The airline is offering 30 per cent of ite enlarged capital to the public. The MAS shere offer, priced

at 1.8 Ringgit, is believed to be oversubscribed four to five

HK Bank chairman may retire next year

MR MICHAEL SANDBERG, chairman of the Hongkong and Shanghai Banking Corporation, has signalled plans to retire oext May and to recommend Mr William Purves, the bank's deputy chairman, as his succes-

Mr Sandberg, aged 58, has been chairman of Hongkong Bank, now ranked among the top 20 banks in the world, since 1977. He has overseen e turbu-lent and controversial period, spanning the collapse of the local property market, three nerve-wracking years of secret Sino-British negotiations over

new HK\$6bn (US\$768.5m) head- "People may have put two and quarters huilding et the beart of Hong Kong's central business

"I haven't made up my mind about retirement yet," be sald yesterday. "But I may well go next year, I certaioly want to get the new headquarters building up and running," The formal opening is expected next April.

"Our annual general meeting is planning soon after the opening," he said, indicating a pos-sible announcement on that date. Commenting on mountlog the future of Hong Kong, and speculation that he plans to step the completion of the bank's down soon, Mr Sandberg sald;

two together and made four, but that is something I would pre-fer not to comment on."

"an act of the greatest dis-courtesy" not to agree his retirement plans with the Hong-kong Bank board before making any public statement.

Without openly admitting that he would propose Mr Purves as his successor, Mr Sendberg lavished praise on his deputy as a man of intelligence and high motivation. He said it would be unusual for the board to chal-

Interest is magnified by the immense importance of Hongkong Bank in the local economy. It acts as Hong Kong's quasicentral bank, issuing most of its currency, and holding the majority of local bank interests. Mr Purves, who is 53, has long been tipped as Mr Sand-berg's successor. He is at present in charge of both commercial and merchant banking operations — the latter since 1983, when Wardley, the bank's merchant banking arm, was heavily criticised for its involvement with Carrian Investments, the property and shipping group which collapsed with debts estimated at over HK\$10bn.



U.S. \$50,000,000

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October 1985

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INTERNATIONAL COMPANIES & FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 4.

Amer 104 92 Autobracks Com 1195 Aginesia Com 17 85 BP Capital 171; 90 Cample Soup 107; 90 Cample 172; 90 Canadian Pac 104; 93 Capadian Pac 127; 99 Capadian Pac 127; 99 Chicory 10's 95 Celcory 10's 95 Celcory 10's 95 Coca-Cole 179, 97 Demostic Kingdom 11's 99 Demostic Kingdom 11's 99 Demostic Kingdom 11's 92 EDF 70 95

Taxaco Capital 111g 95 United. Fect Fin 101a 95 Victorian Rep 111g 92 World Bank 101g 95 World Bank 121g 94 10114 10134 - \$18 + 034 1034 9834 10014 + 014 + 978 18.51 10412 100 + 818 + 119 10.53 878 9858 0 + 1 10.52 11238 11278 0 + 118 10.59 Change on hanned 8td Order day' work, Yield 200 1831a 1845a + 814 + 834 73. 200 1821a 1845a + 814 + 834 73. 200 1821a 1845a + 814 + 814 73. 200 1821a 1845a + 814 + 814 73. 200 1855a 1845a + 814 + 814 73. 200 1855a 1845a 1855a + 814 + 814 73. 200 1855a 1855a + 814 + 814 + 814 73. 200 1855a 1855a + 814 + 814 + 814 73. 200 1855a 1855a + 814 74 + 112 833 1855a 1855a 1855a + 814 74 + 112 833 1855a DEUTSCHE MARK DEUTSCHE MARK
STRAMGHTS
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Austra Republic 7te 94
Bonter Travenot 7te 94
Copenhagen 7te 95
Credit National 8te 94
E.U.B. 7te 94
Escom 8 92
Ex - Im Bit Korea 7te 90
Ferrovie Dello Stato 8 91
Finland Republic 7 92
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Japan Fin Corp 7ty 91
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Rente 7ty 95
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Gen Occidentalle A7, 94
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Mort Sk Denmark 7 52
New Sruhamek 7s 95
Seed Exp Cred Zerb 00 6 Offer 69 week Yind 2 812 + 674 + 674 7.00 19 854 + 694 + 17 7.01 19 854 + 694 + 17 7.16 2 894 + 814 + 17 7.16 2 894 + 814 + 17 7.12 + 67 00 week + 674 + 670 00 week + 674 OTHER STRAIGHTS Aust Gas & Light 13 92 SA
Kellogi Co. 124, 88 A5
Reliogi Co. 124, 88 A5
Repasar Cap. Res. 13 90AS
Transcar Pipe 137, 90AS
Anex 194, 90 CS
CIPC 197, 90 CS
CIPC 197, 90 CS
Genstar Fix 114, 95 CS
Montreal 117, 95 CS
Montreal 117, 95 CS
Salets Acc Co. 197, 90CS
Winnippe Cap 170, 90CS
Chryster Fix Gorp 17 99NS
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Hafslund to admit foreigners

BY OUR OSLO CORRESPONDENT

anoys, hydro power and engineering group, has decided to amend its
statutes to allow foreigners to hold
up to 20 per cent of its share capital.

The proposal to that effort will The proposal to that effect will be submitted to the annual shareholders' meeting in May.

In the first nine months of this year, the group achieved profits before tax and extraordinary items of NKr 269m (\$34m) against NKr 153m in the same period last year, on immover of NKr 1.2m, compared with NKr 470.9m.

Even.

Later this month, Hafshand will the increased by 0.0 per cent.

NKr 160m.

The group's newsprint plant has operated at full capacity throughout a NKr 200m seven-year Eurokrone on the year to date, without a sum-on immover of NKr 1.2m, compared of Norwegian and foreign banks with NKr 470.9m.

Much of the rise in turnover -NKr 591.1m - reflects the acquisition this year of Actinor, a Norwe-gian industrial group with interests

137m, and the finance division, with set by increased prices

power costs. During the final three months of 1985, the division is ex-pected to do no better than break

headed by Christiania Bank. Coupon is expected to be 9% per cent, but issue price has not yet been an-

Sales were 19.5 per cent higher,

at NKr 1.43bn, while operating prof-

print usage continues high, al-though prices have been some-what weaker since the summer.

There has been good domestic degian anotherical group with interests in pharmaceuticals, welding equip.

Norske Skogladustrier, Norwemand for timber and chiphoard. Asment and shrinks shrvices. Profit gian producer of paper, pulp, timber suming reasonably good capacity and chiphoard, boosted sales faster than operating profits in the first that work for the first than operating profits in the first than operating profits the first than operating profits in the first than operating profits The group's most profitable sec.

Higher costs—including dearer elections in the nine months were hydro

Higher costs—including dearer elections who should be able to about tricity—that could not be wholly off
match last year's profit, before

N. AMERICAN QUARTERLIES Third quarter Revenue
Op. net profits
Op. net profits
Op. net pershare
Nime months
Revenue
Op. net profits
Op. net pershare DOWYAR Fine paper se 1985 CS 525.7m 19.3m 0.44 Third quarter 0.50 HOUSEHOLD INTERNATIONAL. 1,500m 61,3m 1.1 2.05km 50.7m 0.87

FLOATING RATE NOTES Bankangence O'S 5', 9S Bankan 7'mai 5 2000 B F.C.E. 5', 98 B.M.P. 5', 95 B.M.P. 5', 98 B.M.P. 5', 98 Britantia 5'33 C.C.F. 9', 97 Chara Man'm 5', 2008

Chase Mas in 51, 2009 Gradit Lyonnas 51, 86 Cradit Lyonnas 5 00 E.E.C. 5 00 E.N.E.L. 5 00

Denmark. ally for the Norwegian group.

News of Norsk Hydro's decision

Norsk Hydro seeks stake in refinery

BY FAY GJESTER IN OSLO

NORSK HYDRO, the Norwegian in- to seek a share in Scanraff came dustrial and energy group, hopes to only two days after it announced bry a stake in Sweden's largest all that it would not be taking part in a refinery, Scanraff - owned by Texatwo Swedish companies, Svenska Petroleum and OK.

It needs the capacity to process its own North Sea crude for marketing through its expanding network of petrol stations in Sweden and

Hydro said it would start negotiations soon with OK about purchasing part of that company's share to the 10m tonness year facility at Lysekil on Sweden's west coast. It would not say how large a stake it hopes to acquire. OK owned Scan-raif's catalytic cracker and 43 per cent of its distillation plant. It has a long term agreement with Hydro -

New Issue

costly project to expand and up-grade the refinery at Mongstad, West Norway, in which it has a 30 per cent stake - the rest being owned by the Norwegian state oil company, Statoil.

Hydro had originally intended to take a 15 per cent share in one part of the project, which involved building a new cracker to boost the proportion of light products in Mong-stad's total output. It had consis-tently refused to participate to expansion of the refinery's capacity, from 4m to 6.5m tonnes a year regarding that as uneconomic.

Hydro's contribution to the crackrunning to 1969 - under which it re-fines 250,000 tonnes of crude annu-500m and NKr 500m (\$63m-\$76m). which will now have to be met by

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extraordinary items, of NKr 187m. 1984 \$ 705.8m 34.9m 0,50 1885 \$ 740.3m 35.2m 0.58 \$ 625.7:n 67.5:a 0.91 8 412.0m 35.4m 8.49 1.47bm 94.22m 1.33 1.15bn 76,4m 1.05 3 155.6m 8.9m 0.16 448m 6.8m 0,18

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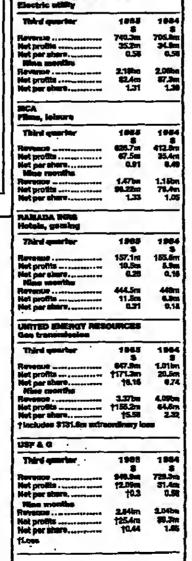
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October 22, 1985

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pank of Scotland Money Market Cheque Account.

AB Foods 16% higher at £62m

rate of return was achieved on fonds under management during from the period. Strong cash flow in the UK strong cash flow in the UK has budgeted profits increase will be achieved. This more than offset disposal last year of the

Associated British Foods, the food manufacturer and retailer, raised pre-tax pcofits by 16 per cent from £53.6m to £62.4m in the six months to September 28 after taking into account the six months to September 28 which has taken place during above market estimates of £60m, and the shares closed unchanged at 268p.

At the trading level, profits man, says it is not yet possible to measure accurately the cost of the impact on profits resulting from the poor quality of the wheat harvest in the UK this year.

However, the satisfactory start to fundamental to the poor quality of the manufacturing that the first profits are of return was achieved on fundamental profits resulting profits rose by 10 per cent to £34.7m. The chairman says it is not yet possible to measure accurately the cost of the impact on profits resulting from the poor quality of the was lower at £2.4m (£2.6m).

Combined UK sales increased the cost of the fall of the fall of the past six months between the past six months between at £34.7m. The chairman says it is not yet possible to measure accurately the cost of the impact on profits resulting from the poor quality of the was lower at £2.4m (£2.6m).

Combined UK sales increased the Year to £34.7m. The chairman says it retailing operations of George Weston Foods in trading profits rose by 10 per cent to £34.7m. The chairman says it retailing operations of the year but the manufacturing and the past six months between the pa

At the interim stage, an amount similar to last year has been charged against profits in respect of reorganisation and redundancy costs. See Lex



Geers Gross down 61% midway Lifecare growth stunted

ADVERTISING agency and consultancy group Geers Gross is work for solid growth. Prospects experiencing e sbarp drop in profits in 1985, as forewarned at the AGM in May, reflecting the loss of the ESPN sports cable network account in New York.

Even the Series of the years of the series of the ser letwork account in New York as some losses), but neither the For tha first half of the year rofit, before tax, has fallen ment reorganisation announced profit, before tax, has fallen from £783,000 to £307,000 and the interim dividend is cut from 2p

None of the steps taken to rectify the situation will have any real impact on the year's results, says Mr Robert Gross, the chairman. However, they are expected to have a very beneficial effect on results for 1986 and beyond. The 1984 profit was £18m.

When warning of the effects of the ESPN loss, the board said that steps had been taken to cut overheads in London and New York. These bave been

New York. These bave been completed including the merger of Geers Gross West into Geers

in August will have any real impact on 1985 peofits.

Turnover in the first half fell by £2.38m to £47.15m. After tax £123,000 (£399,000) the net profit is £184,000 (£384,000).

Geers Gross has had an even worse summer than most of us. of Geers Gross West into Geers
Gross Advertising.

The chairman says the second and third quarters of 1985 have

A main board director sells his tive. Expect no more than shares to pay a tax bill in the \$750,000 for tha year, which has the shares at 78p on a prosperant third week of May. Three weeks the shares at 78p on a prosperant third week of May.

Town Centre Secs. ahead to £2.7m

results were announced everything had been hunky-dory. By the first week of June the shares had halved in value and the company had announced that 1985 profits would be substantially helow those for last year. The loss of key account, ESPN Cable, seems the biggest reason for the fall, wiping almost film off the profits (and leaving the profits on the rest looking very slim indeed). Hank Wasiack, the new man at the top of GG Inc, is not the first to see the US as the land of advertising plenty with national billings totalling an estimated \$100bn this year. Given that two-thirt's of group profits come from the US (with billings of \$100m) the question has to be how much question bas to be how much of the American cake will come Geer's way. Cutting the divi-dend in a group that last year pald its directors more than its shareholders is a bold move if faith in the future is the objec-

by contracting losses

EXCEPTIONALLY HIGH losses in contracting has offset the success in the nursing bomes division at Lifecare International in the first balf of 1985, and the group made a profit of only 569,000.

In the period, turnover csme to £4.03m (£2.65m). Continuing activities accounted for £303,000 (nil) profit, while the discontinued activities incurred a loss of £234,000 (profit £23,000).

The directors regard the results for the sursing homes division as encouraging. The number of homes has increased from one to five and all will be contributing to profitability in the second half.

group made a prome fee, one fe nary charge on disposat of not more than £350,000, before any tax credits. This will be reflected in the accounts in the second half.

of £234,000 (profit £23,000).

In June, the directors said that 1985 should start to yield reward for the investment of time, effort and money in recent past. They would not make a profit forecast hit said they expected to pay an ordinary dividend (last paid for 1976) in addition to the preference due on the shares issued in a rights package a year ago. Since the balf year, two more mursing homes have been acquired, and these should in a full year contribute close to £100,000 and £35,000 pre-tax. Further substantial acquisitions are expected to be completed prior to the end of the year.

GKN Australian purchase

BY CHARLES BATCHELOR

Guest, Keen and Nettlefords, engineering group, is expanding its vehicle parts activities in Australia with the purchase of Burmah Oil's QH automotive

Town Centre Securities has lifted pre-tax poofits by 10.5 per cent from £2.4m to £2.65m in the year to end-June 1985, with second half results ahead from £1.4m to £1.55m

This Leeds-based group has its interests in property investment development and dealing, and the directors are proposing to lift the dividend to 1p (0.89p adjusted) with a final of 0.6p. Stated earnings per share are shown up from 1.45p to 1.79p.

Directors say that the activities of the trading subsidiary, Town Centre Enterprises, are to supplement the profits of the group's substantial and expanding investment portfolio.

Refurblishment of the Merrion Centre, Leeds, has continued during the year and most of the after interest charges of £1.95m (£1.42m), and after tax of £1.03m (£1.60m), net profits were up from £1.32m to £1.62m. Minorities took £6,000 (£9,000).

The group's net asset value per share on present capital is ahead from 68.06p to 71.93p, The directors are proposing that the stating extended, and they hope ing income of £140,000 (nll), creased to £35m (£30m). QHA is a wholesale distributor of vehicle parts and accessories throughout Australia. It also operates a chain of vehicle serrice outlets and makes exhaust systems and car care chemicals. It had sales of AS28m (£13.7m) last year an demploys 300 people. GKW, which has an Australian lt had sales of A\$28m (£13.7m)
last year an demploys 300 people.
GKN, which has an Australian subsidiary. Stenor, with sales of £9.3m from the distribution of £9.3m from the distribution of £5 per cent of the UK pipe fittings market.

disclose the value of the QHA GKN also announced yester-day the completion of the sale of BKL Fittings, its pipe fittings subsidiary, to Nippon Benkan Kogyo, a privately owned. Japanese company. Mr Leon Brittan, Trade Secre-

tary, said yesterday he would not refer the bid to the Monopolles and Mergers Commission. The

Delta deal to shake up copper tube industry

By David Goodhart

The UK copper tube busi-The UK copper tube ousiness is set to undergo a major shake up following yesterday's announcement that Glynwed International has acquired the Birminghambased copper tube business of the Delta Group for about £4m in cash.

Approximately 27 per cent of the market is now taken by of the market is now taken by imports and the rest is divided between small producers 6 per cent; Delta 13 per cent; Glynwed 24 per cent and IMI 30 per cent.

The Delta deal thus makes Glynwed the biggest producer in a market which has been coming under increasing pressure recently from both foreign competition and substitutes, particularly plastic.

stitutes, particularly plastic. Delta Tubes is a relatively small part of the Delta Group

which for the year to end December 1984 recorded a £50.4m pre-tax profit on turn-over of £590m. The tube division earned profit of £1.2m on turnover of £20m—with a £1.5m profit forecast.

Mr Tony Thomas, chairman of the Delta Finid Control Division, said: "We faced the dilemma of either selling or having to invest a great deal in the company simply to retain our present market share. We thought we would save ourselvese a let of money that could be better channelled into the more specialist finid control market."

Deita Tubes will be merged with Wednesbury Tube— Glynwed's existing copper tube business. Glynwed made pre-tax profit of £26.2m on turnover of £514m to the year end December 1984 and the tubes and fittings division had a turnover of £99m and

had a turnover of £99m and operating profit of £9.9m. (The steels division was largest with turnover of about £125m).

Glynwed said the deal would chance its ability to compete in home and overseas markets. Wednesbury's concentration on the large eoncentration on the large volume users would be com-plemented by Delta's emphasis on the smaller non-

specialist users.

The market approved of the deal pushing np Glynwed 2p to close at 240p. Delta lost 1p to close at 169p.

Oxford Instruments £7m profit well above expectations

WITH TAXABLE earnings almost trehled to £6.66m in the six months to September 29 1985, Oxford Instruments Group 1985, Oxford Instruments Group easily beat the market's expectations of £5m. The market reacted by marking up the group's shares considerably, with the price ending the day at \$92p.

up 44p. Mr Barrie Marson, chairman of this maker of advanced instru of this maker of advances instru-mentation, says all areas of the group had contributed to the performance. He expects the full year's increase to be significantly ahead of last year's rise of 50

per cent.
Turoover in the period in-ereased by 37 per cent, from £24.6m to £33.76m. Pre-tax profits for the comparable period last year were £2.31m. year were 12.31m.
From earnings per 5p share
8.7p (3p), the interim dividend
has been raised from 0.4p to
0.6p. Last year there was a total

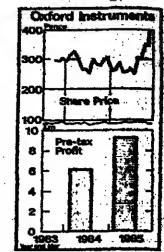
o.6p. Last year there was a total payment of I.2p, when pre-tax profits were £9.16m.

Mr Marson says that the first half of 1984-85 was affected by the move to the new Eynsham plant and that the improved efficiency seen in the second half of last year had continued into the first half of this.

half of this.

In the previous two years the grester part of the profits were earned in the second half. Mr Marson expects that to continue but the difference would be less The company's position as the

leading supplier of diagnostic imaging magnets was atrengthened further following acceptance of the new mobile magnet. It now supplies 85 per cent of



instruments business and a third instruments business and a third product line was introduced.

Demand for instruments for scientific research grew strongly during the period with several new products.

The patient monitoring business continued at a good growth rate.

Operating profit came out at Operating profit came out at £3.6m, against the comparable £2.09m, to which was added net interest received of £50,000 (£78,000 payments) and abare of the profits of Oxford Superconducting Technology, in which the group has a two-thirds share of £1.01m (£393,000). The share of the loss of the Essociated ance of the new mobile magnet.

It now supplies 85 per cent of the loss of the associated furnishment of the world market.

Mr Marson says that with orders accounting for most of the coming year's production capscity was being expanded et its UK and US plants.

The highest goowth rate was again schieved by the analytical of £2.1m.

Of £1.01m (£393,000). The share of the loss of the associated furnishment for £1.01m (£393,000). The share of the loss of the associated furnishment from £100,000 to £8,000.

At the end of the period bank balances, net of borrowings, stood at £2.5m, reflecting a positive cashflow in the first half of £2.1m.

GL

DIVIDENDS ANNOUNCED

	arrent ayment		onding	for year	last	
AB Foods	1.9 3.55 3.5‡ 1.5 0.6 1.1	March 3 Jan 17 Jan 9 March 26	1.7 2.75 3.5 2 0.4 0.89	5.17 1	5.4 5.17 4 1.2 0.88 2.4	-

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EUROPE'S MOST EXPERIENCED BANKING GROUP

Rival £94m offer for ConsGold's US businesses

BY CHARLES BATCHELOR

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1984

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ANOTHER hid has emerged for the US industrial interests of Consolidated Gold Fields, the mining and building materials group, in the shape of a \$135m (£94m) offer from a newly-created company called New Capitalism.

Consolid is currently nego-tlating the sale of Gold Fields American Corporation (Amcon) with a management group headed by Mr Richard Secrist, president and chief executive of the US businesses. The British group has said it is not interes-ted in considering any other offers.

offers.

New Capitalism is a company set up to carry out complex or unusual acquisitions which might be unattractive to many established leveraged huy-out firms.

It is headed by Mr Gary Lutin, a New York investment banker. Mr Lutin said the company had the funds in place to make the offer which he helieved was at a higher price than that being discussed with the US management team.

Mr Lutin said he had made his offer in writing on Octoher 24 and received an acknowledgement but he was "perplexed" at ConsGold's npparent unwillingness to negotiate.

The Amcon companies comprise a scrap dealer, steel distributor companies, a manufacturer of portable oil and water well drilling rigs, a foundry and machine shop, a distributor of construction equipment replacement parts and Skytop Brewster.

Mr Lloyd-Jacob said he had yet to make up his mind about join and deded, "I am interested in the steel assets, while Mr Lintin wants the drilling rig assets. It would make sense it ConsGold sat down with us."



BOARD MEETINGS

TODAY interims:—Compect, Ecobric, Elec-components. German Smaller Com-nies Investment Trust, J. Sainsbury. httbreed Investment. Whithread Investment.
Finals:—Briter, Firstland Oil and
Gaz, Gomne, J. Hapworth, Keystons
Investment, Roschaugh, Tay Homes,

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The directors of Guinness Peat Group pic are the porsons responsible is the information contained in this subveniesment. To the best of the knowledge and basist of the directors who have taken all reasonable care to exame that such is the case) the information contensed in this extentionment is in eccorda with the facts and does not onto enthing Budy to affect the import of such information. The directors accept responsibility accordingly.

General Assembly of Shareholders of Fidelity
American Assets N.V. (the "Fund") will be held
on November 25th, 1985, at 10.30 a.m. at the
registered office of the Fund at Schottegatweg
Oost, Salinja, Curacao, Netherlands Antilles for

To consider approving the Exchange Agreement under which the Fund will combine its assets

To consider approving certain organisational

changes made in furtherance of the Exchange

(a) terminating the Fund's existing accounting services agreement and entering into a new.

American Values N.V. and Fidelity International

Limited under which the services performed

deministrative services agreement with

under the existing accounting services

with the Fund's custodian;

come before the meeting.

Exchange; and

agreement will continue to be performed;

(b) terminating the Fund's existing custodian

contract because the Fund's investments will

be made through American Values N.V. which will have an identical custodian agreement

(c) changing the investment objectives, policies and limitations of the Fund to reflect the new

sens of the Luxembourg Stock

investment structure, to better reflect the present portfolio of the Fund and to satisfy

(d) changing the Valuation Regulations of the

Fund to take account of the new investment

3. To transact such other business as may properly

Implementation of the actions specified in

The Bank of Bermuda Limited

Hamilton, Bermuda

Fidelity International Manag

25 Lovet Lane

London EC3R 8LL

nent and the new investment structure,

with those of American Values N.V.

the following purposes.

Notice of Special General Assembly of Shareholders of

AMERICAN ASSETS N.V.

NOTICE IS HEREBY GIVEN that a Special items 1 and 2 will require a statement of non-

British Tar in agreed £9.7m bid for Dufay

By Charles Batchelor

BRITISH TAR PRODUCTS, the chemical manufacturer and and bulk storage company, is to make a £9.7m agreed share bid for Dufay Bitumastic, the industrial coatings group. The BTP bid follows its purchase of a crucial 24.1 per cent stake in Dufay from the liquidator of Camrex.

formerly part of Ruberoid group. Buberoid group.

BTP intervened in the affairs of Dufay on October 16, 2 week after Kalon Group, the West Yorkshire pain-maker announced plans for a contested £9.3m takeover bid for Dufay. Kalon withdrew as soon as it heard that BTP had bought the Camrex holding of 24.1 per cent.

BTP conpled its bid announcement with a state-ment that unandited management accounts showed the pre-tax profits in the six menths ended September 1985

months ended September 1985 were not less than £1.85m. This compared with pre-tax profits of £921,000 in the same 1984/85 period.

BTP intends to declare an interim dividend of 1.5p compared with 1.2p and a final dividend of 2.5p (2.3p) making a total of 4p for the year against 2.5p. Shareholders in Dufay will not receive the BTP interim payment.

Dufay shareholders would also be estitled to a second

also be entitled to a second Dufay interim dividend of 0.5p if the BTP bid is suc-BTP is offering 54 of its

BTP is offering 54 of its nwn shares for every 190 Dufay. BTP's shares fell 2p yesterday to 109p in value its offer at just under 59p for each Dufay share. Dufay's shares fell 1p to 57p.

There is a cash alternative worth 55.62p for each Dufay share, underwritten by BTP's merchant bank, N. M. Roths-child.

The BTP bid for the remaining Dufay shares is slightly higher than the 55.5p price it paid for each of the shares previously held by

Dafay achieved only a marginal increase in pre-tax profits from £317,000 to £320,000 in the six months ended June 1985. Turnover rose from £9.25m to £9.88m BTP makes, stores and sells chemicals for the leather, cosmetics, hygiene and phar-maceutical industries.

Wimpey selling property portfolio to Dutch group

George Wimpey, one of the last annual report of the last annual report confirmed last night that it had for the 1984 year, chairman Mr Cliff Chetwood said that negotianabangad contracts with Larmag

Mr David Neil-Gallacher,
Wimpey's corporate relations
manager, said that the deal had
not yet been concluded, but
would be "very shortly." He Mr Jack Croshy, was estabdeclined to comment on reports
that the group would get £43m
for the portfolio, nor on the
suggestion that this price was
some £2m sbort of what Wimpey
had heen asking.

The possibility of selling Ariel
has been on the minds of

Exchanged contracts with Larmag Cliff Chetwood said that negotiative the sale of its properties were at an advanced Ariel International property stage. These fell through at the portfolio Mr David Neil-Gallacher, wimpey's corporate relations manager, said that the deal had not yet been concluded, but would be "very shortly." He declined to comment on reports that the group would get £43m European property development

George Wimpey, one of the Wimpey executives for some have for some time been re-K's largest construction groups, time. In the last annual report, structuring our property port-ordermed last night that it had for the 1984 year, chairman Mr folios, and we considered that

folios, and we considered that this was a mature investment whose time had come."

He added that in future the group would concentrate on "first class investments" like its Little Britain project in the City of London and the Clayton Square development in Livernool.

Wimpey, however, had made provisions for losses amounting to £26.8m for Ariel, and Mr Neil-Gallacher agreed that up to £2m more could have been incurred so far in the current Excluded from the present deal is a substantial office block

ICT has made it known that it

Barings, the merchant bank



chairman of George Wimpey

development in Frankfurt Gerqueriopment in Frankiur, Germany, but this will be sold once it is fully let. This would represent a "substantial profit" for Wimpey, Mr Neil-Gallacher said.

Evered wins support for TI holding

The move is evidence of the trend towards a new system of financial control within C & S. which earlier this year faced the prospect of a potentially crippling burden of deht.

Mr David James, group managing director, said yesterday that the dve main sub-group's within C and S European corporate finance at four trends of the following the midland rescue. He will become the full-time head of European corporate finance at four trends to be an extremely active none to a day-to-day capacity." He added that he felt confident to assume his non-executive role following the Midland rescue. He will become the full-time head of Evered Holdings, the engineering group headed by the Abduliah brothers, yesterday won neer unanimous retrospective support from shareholders for a purchase of 14.7 per cent (20.1 per cent with concert narties) of the European corporate finance at Granville and Co, the merchant bank.

The Singer family was a powerful force in the growth of C and S in the 1970s under the ball of the control of the cont with conc concert parties) of the

Mr Raschid Abdulloh, chalr-Mr Raschid Abdulloh, chalrman, said there remained five options: a full hid hy Evered (alone or with a consortium); the parchase of parts of TI; the sale of the whole stake to a third party; remaining as an investor; a total or partial disposal of the investment.

Most analysts believe that the first two are the only realistic options. Evered bought its 8.75m shares for £31.9m at an average price of 365p—they are now worth over £35m, but if it started to sell, the shares would rapidly lose value.

rapidly lose value.

In its continuing quest to acquire more weight in the City, Evered is expected soon to announce the appointment of two more non-executive directors.

ICT has made it known that it would opt for unitisation if the management proposals were rejected. The adjournment yesterday means that British Assets will be in a position et a later date to vote down the unitisation plans, which require a 75 per cent majority, after it has made its own plans known.

Beings the merchant hank Mr Ronnie Utiger, TI chairman, confirmed yesterday that he would be prepared to talk about the disposal of parts of TI locluding Raleigh in return for the Evered share's, but added that there had been no approach to date.

advising ICT, said last night that it expected to see British Assets' NEVI BALTIC has received regarded the fund management week. The resumed extra senting 97.2 per cent of Baltic proposals as in the best long ordinary-meeting will take place there acquire the remainder.

C. E. Heath to sell Lloyd's agency

By John Moore, City Correspond

C. E. Heath, the insurance hroker, has reached agreement to sell its shareholding links with its rompany which runs the affairs of members of the Lloyd's insurance market In a deal worth £2.03m.

The purchasers of C. E. Hooth & Co (Underwriting), an underwriting agency, are the existing executive directors. Between them they will hold the entire issued equity capital of Cuthbert Heath, a company formed to purchase the Lloyd's agency interests. interests,

Interests,

The sale of C. E. Heath & Co (Underwriting), which manages the affairs of more than 400 members of Lloyd's directly, and introduces members to insurance syndicates in the market, has been carried out in accordance with the divestment provisions of the Lloyd's Act of Parliament of 1982. The Act required all Lloyd's brokers to sever their links with Lloyd's underwriting activity by mid-1987.

In the proposed disposal, Mr

In the proposed disposal, Mr Derek Newton, chairman of the parent company of the C. E. Heath group, is resigning from the hoard of the agency company, together with Mr Peier Dawson and Mr David Barham,

In other moves in the divest-ment realignments at Lloyds, Wellington Underwriting Agoncies, the managing agency divesting from Wills Faher, an insurance broker, has appointed Mr. Anthony Cooper as managing Mr Anthony Cooper as managing

Mr Cooper is presently senior partner of Price Waterhouse in Malaysia. Wellington will manage the affairs of 3,500 mem-bers of Lloyd's who underwrite combined premium income of

Willis Faber is holding a meeting of shareholders in early Derember to approve the divest-ment orrangements.

WARD WHITE'S offers for May-nards have become unconditional in all respects. Acceptances have been received from the holders of 3.06m Maynards' ordinary

of 3.06m Maynards' ordinary (62.4 per cent).

Ward White now owns or has acceptances in respect of 4.53m Maynards' ordinary (92.3 per rent) and has acceptances from holders of 53,306 Maynards' preference (94.3 per cent). The offers remain open until further notice, Ward White forends to acquire, compulsorily the outstanding ordinary and preference shares.

Central Sheerwood restructures

British Assets stalls

took a further twist at yester-day's extraordinary meeting of

ICT shareholders.
The meeting had been called to approve the establishment of

ICT's fund proposals

CENTRAL & SHEERWOOD, the engineering groop saved recently from receivership through a novel refinancing agreement with the Midland Bank, has taken its restructuring a stage further.

Mr John B. Singer has relinquished his responsibilities as group director of finance and administration, though he will remain on the board 25 a non-executive director. He will also retain his large personal shareholding in the company, which with that of the rest of his family totals some 8m shares.

crippling burden of debt.

Mr David James, group
managing director, said
yesterday that the dve main
sub-group's within C and S
would be closely monitored by
financial directors within each
group, and that he, as chairman
of the subsidiaries, would
exercise central control. In all
other respects, the groups would other respects, the groups would chairmanship of Dr I be run as autonomous units at Singer, father of Mr John Si other respects, the groups would

Milbury is compulsorily wound up

Milbury, which was bought by Mr James Raper's St Piran Group and later sold for £1, was compulsorily wound up in the High Court yesterday with St Piran as the principal creditor. Mr Justice Hoffman made the order on a petition by Tangible Properties, an Isle of Man company elatining £9.444 arrears of THE UNEASY relationship holders. But British Assets has between Investors Capital Trust, and Editaburgh-based investment alternative proposals, widely trust, and Eritish Assets Trust, which has a 194 per cent stake.

ICT has made it known that it pany, claiming £9,444 arrears of to approve the establishment of a fund management subsidiary. Before this could be put, however, British Assets and Standard Life Assurance, which has a holding of about 5 per cent, called for an adjournment. This was passed by 3.Bim votes, account 134m.

rent.
St Piran, which claimed £1.52m,
was one of four creditors giving
notice of claims. The others were
Career Care Group (£1,362),
Godfrey Davis (London) (£137)
and Titmuss Sainer and Webb,
solicitors (£35,000).

Another Milbury company,
Milbury Hemes, was wound up to the first week that it on its own petition as a result of regarded the fund management proposals as in the best longber. It was supported by Griffin Factors with a claim for £3,844.

COMPANY NEWS IN BRIEF

SPF, supplier of pumping systems for fire fighting and protection, is planning a stock. exchange flotation via an offer for sale of shares by Samuel Montague. SPP made pre-tax profits of f1.96m (f1.1m) in 1984 on sales of £30.5m (£25.8m). Cazenove is broker to the issue.

CHINA & EASTERN Investment
Co.—The application list in
respect of the offer for substription of 17m ordinary shares
(with warrants) opened at 10 am
on November 1 and was closed
at 10.30 am—773 applications for
a total of 18.173.800 ordinary
(with warrants) were received. (with warrants) were received. Applications from the public will be allotted in full and applications received from pre-places will be allotted as to about 93 per cent of the amount subscribed. It is expected that share and

objection by the supervisory authorities of the Fund.

be inspected at the Fund's principal office at Pembroke Hall, Hamilton, Bermuda or at the

offices of Fidelity International Management Limited, or Kredietbank S.A. Luxembourgeoise,

Holders of registered shares may vote by proxy by mailing the enclosed form of proxy to:

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares obtained from the Fund's principal office at Pembroke Hall, Hamilton, Bermuda or

from the companies listed below, to the Fund at

shares wishing to exercise their rights personally at the Meeting may deposit their shares, or a certificate of deposit therefor, with the Fund at

Schottegatweg Oost, Salinja, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholder to exercise

All proxies (and certificates of deposit issued bearer shareholders) must be received by the

By Order of the Management

Charles T.M. Collis

Fund not later than 9.30 a.m. on November 25th,

Kredietbank S.A. Luxembourgeoise

43 Boolevard Royal

1985, in order to be used at the Meeting.

the above address. Alternatively, holders of bearer

uro & Curiel's Trust Company, N.V.

Fidelity American Assets N.V.

P.O. Box 305

Netherlands Antilles

Drafts of the above-mentioned documents may

warrant certificates will be posted on November 11 for deal-ings to commence November 12.

HOME CHARM Group's subsi-HOME CHARM Group's subsi-diary. Texas Homecare, has completed the sale and leaseback of its new central office and dis-tribution warshouse situated in the enterprise zone at Walling-borough, Northamptonshire, to Security Pacific International Leasing (Europe), Inc. and Robert Fleming and Co for #8.1m.

CANNON STREET Investments, investment holding company, has acquired S & H, which makes radiator shelves, and Litherland, food wholesaler, for an aggregate initial consideration of £50,000, including £50,000 in ordinary shares.

NEW THROGMORTON TRUST (1963) had a basic net asset value of 108.22p at end-September 1985, against 78.25p a year earlier. Fully dikuted net asset value was 88.81p (64.8p). An interim dividend of 1.25p (1p) is being paid to reduce deparity and to reduce increased income. The directors anticipate a higher total dividend than last year's 2.7p. Net income for the half year was £743,000 (£483,000) for earnings of 1.9p (1.23p). NEW THROGMORTON TRUST

CLAYFORM PROPERTIES has disposed of it entire holding of 111m ordinary shares in Owen Owen, department stores group, at 534 pp per share, representing a net consideration after commission of about 25.9m.

BARTON GROUP, holding com-pany with interests in foundry and engineering work, increased pre-tax profits from £496,000 to 5697,000 in the six months to June 30, on turnover of £24.88m (£24.94m). Earnings per share were stated at 2.14p (i.41p).

J. E. ENGLAND & Sons (Wellington), produce supplier and convenience food merchant, made a pre-tax loss of £38,306 (£78.755) for the half year to June 29, 1985, which was after a £27,964 credit for the proceeds of the down book value. Turnover was £21m (£3.18m) and loss per 5p share 0.68p (1.59p). There is again no dividend



YIKING RESOURCES INTERNATIONAL NY.

U.S.\$45.84

Heldring & Plemon N.V. reparacht 214. Ameterdam

LADBROKE INDEX 1.067-1.071 (-4) Based on FT Index Tel: 01-427 4411

REPUBLIC HOLDING S.A.

NOTICE TO SHAREHOLDERS

OF REPUBLIC HOLDING S.A. IN LIQUIDATION (formerly Trade Development Bank Holding S.A.) 13 Boulevard de la Foire, 2013 Luxembourg, Luxembourg

FIRST DISTRIBUTION OF ASSETS

At the Extraordinary General Shareholders Meeting of Republic Holding S.A. ("RH") held on October 29, 1985, the Shareholders decided to on October 29, 1985, the Shareholders declined to put RH in liquidation and approved the liquidation plan submitted by the Board of Directors, which plan consists essentially in the distribution to RH Shareholders of a cash payment and of 9,355,846 shares par value US\$5.- of the Common Stock of Republic New York Corporation ("the RNYC shares").

Mr. Edmond J. Safra, Chairman of the Board of Directors of RH and holder of 64.6% of RH shares, has declared that he has no present intention to sell the RNYC shares he will receive directly or indirectly as a result of the liquidation of Republic Holding S.A.

At the first meeting of the Liquidators Committee of Republic Holding S.A. in liquidation held on October 29, 1985, the Liquidators decided to effect as of November 12, 1985 the first distribution of assets made up of:-US\$2.- cash payment for each share of Republic Holding S.A. in liquidation. 0.56475 shares of RNYC shares for each

share of Republic Holding S.A. in liquida-Republic New York Corporation is listed on the New York Stock Exchange and the London Stock

INFORMATION CONCERNING SHAREHOLDERS OF REPUBLIC HOLDING S.A. IN LIQUIDATION WHOSE SHARES ARE IN BEARER FORM.

As from November 12, 1985, starting date of the distribution, each Shareholder should present coupon Nr. 17 and 18 of his shares of Republic Holding S.A. to any one of the Paying Agents listed here below, or request. his bank to so act as per his instructions. Coupon Nr. 17 entitles the Shareholder to the US\$2.- cash distribution, coupon Nr. 18 to the distribution of RNYC shares.

Upon presentation of coupon Nr. 18, the Paying Agent will confirm to the Shareholder the number of RNYC shares to which he is entitled and, in accordance with his instructions, will arrange for the issue, registration and delivery of his entitlement in RNYC

No fractional shares of RNYC shares will be delivered. Fractional shares entitlements will be paid in cash, on the basis of the closing price of RNYC shares on the New York Stock Exchange-Composite Transactions Tape on the day of presentation of coupon Nr. 18 to the Paying Agent, or, if such day is not a trading day on such exchange, the immediately pre-

Payment in respect of fractional entitlements will be made on the business day (which

expression shall mean a day in which banks are open for business in London and New York, or the place of business of the Agent, as the context requires) next following the day of presentation of the relevant coupons numbered 18, unless such day is not a trading day on the relevant exchange, when payment will be made on the day of presentation.

No RNYC shares will be distributed in respect of coupons Nr. 18 presented after January 10, 1986. After January 10, 1986, the RH Share-holders will be entitled to receive only their pro rata share of proceeds from the sale by RH of the undistributed RNYC shares, against presentation and surrender of coupon Nr. 18 at the office of Republic National Bank of New York (Luxembourg) S.A. ("RNB Luxembourg"), an indirect wholly-owned subsidiary of RNYC. The proceeds of such sales will be deposited with RNB Luxembourg promptly after the proceeds of such sales are

Coupons Nr. 17 and 18 may be presented to Manufacturers Hanover Limited
8 Princes Street, London EC2P 2EN (England)
Banque Internationale à Luxembourg S.A.
2 Boulevard Royal, Luxembourg (Luxembourg)

Manufacturers Hanover Banque Belgium 13 Rue de Ligne, 1000 Brussels (Belgium) Manufacturers Hanover Banque Nordique 20 Rue de la Ville-l'Evêgue, 75008 Paris (France)

Manufacturers Hanover Trust Company Bockenheimer Landstrasse 51/53, Frankfurt (W. Germany)

Manufacturers Hanover Trust Company 40 Wall Street, New York, N.Y. 10015 Republic National Bank of New York

452 Fifth Avenue, New York, N.Y. 10018 Republic National Bank of New York 46 Berkeley Square, London W1X 5DB (England)

Republic National Bank of New York (Luxembourg) S.A. 103 Grand' Rue, 1661 Luxembourg (Luxembourg)

Trade Development Bank 30 Monument Street, London EC3R SLH Trade Development Bank (Luxembourg) S.A.

34 Avenue de la Porte Neuve, Luxembourg (Luxembourg) The Liquidators Jean Hoss

Roger Junod Walter H. Weiner C. G. Rodney Leach

MH?

pank of Scotland Money Market Cheque Δccount

UK COMPANY NEWS

Associated British Foods

Half Year Progress Report

	Six months to 28 September 1985*	Six months to 29 September 1984	Year to 30 March 1985
Turnover	£ million 1,481.0	f million 1,4-11.0	2.931.0
· Trading surplus Interest payable	49.4 2.4	46.1 2.6	114.8 6.0
Group profit	47.0	43.5	108.8
Investment income	15.4	10.1	23.5
Profit on ordinary activities before tax	62.4	53.6	132.3
United Kingdom tax Overseas tax	18.3 6.3	14.6 5.9	37.9 13.5
Profit on ordinary activities after tax Minority interests	37.8 · 1.0	33.1 1.1	80.9 2.0
Profit on ordinary activities attributable to the company	36.8	32.0	78.9
Extraordinary items	6.2	'3.7	10.8
·	43.0	35.7	89.7
Ordinary dividends 1st Interim 2nd Interim	7.6	6.8	6.8 14.8
Earnings per share before extraordinary items	9.2p	8.0p	19.8p
*Half year figures unaudited			_

An interim dividend of 1.9p per ordinary share (1984 – 1.7p) will be paid on 3 March 1986 to shareholders registered at the close of business on 31 January 1986. Including tax credits this dividend is equivalent to 2.71p per share (1984-2.43p).

The Chairman, Mr. GARRY WESTON, reports:

The profit before tax for the period at £62.4 million is £8.8 million higher and represents an increase of over 16 per cent. After providing for taxation and minority interests the profit attributable to the company for the half year is £36.8 million and earnings per share 9.2p, an increase of 15 per cent on last year. An amount similar to last year has been charged against profits in respect of reorganisation and redundancy costs. The below the line profit increase from £3.7 million to £6.2 million in extraordinary items represents the profit during the period from the sale of properties and investments. Capital expendi ture during the first half was over 10 per cent higher and it is anticipated that this level will be maintained for

Worldwide sales increased by £40 million, but this is after taking into account the adverse currency re-alignment which has taken place during the past six months between sterling and the Australian dollar amounting to £51 million. The strong cash flow in the United Kingdom has enabled borrowings to be reduced, which more than offset the increase in interest rates against the comparable period, and interest payable at £2.4 million is lower. The group trading profit at £47 million represents an increase of £3.5 million or 8 per cent.

An acceptable rate of return was achieved on our funds under management during the first half of this year and had the effect of increasing our investment income by over 50 per cent to £15.4 million. The combined sales in the United Kingdom increased by 7 per cent to £1.169 million and trading profits by 10 per cent to £34.7 million. Our retailing divisions have made a very satisfactory start to the year

Wire & Plastic; the Kent manufacturing company, reports pre-tax profits up ebout 20 per cent to £157,000 in the six months to June 30, compared with £131,000.

Mr Mortin Sorrell, finance director of Saatchi and Saatchi, and Mr Preston Rabl, a partner in stockbrokers Henderson Crostiwaite: 'took a' 27 per cent stake but the manufacturing divisions, partly due to the bad summer weather, achieved only a marginal increase on the previous year's record trading profits.

Overseas sales at £312 million and trading profits of £14.7 million compare with £350 million and £14.6 million respectively for last year. However, sales are distorted by currency re-alignments and the dis-In stockbrokers Henderson Crostinwaite; took a 27 per cent stake in the company in June in a deal worth about £515,000.

Sales rose by 23 per cent in the six months to £1.96m (£1.59m). Earnings per share rose by about 20 per cent to 2.28p (1.89p). Extraordioary debt was £10,000 (nil).

The company has net cash balances of more than £850,000 with which to pursue its expansion objectives. It is paying an interim dividend of 1.1p, up from 1p. Its final dividend for 1984 was 1.4p on a pre-tax profit of posal last year of the poultry and furniture operations in Australia, the effect of which reduces sales by some £80 million. Currency re-alignment has reduced trading profits by £2.7 million. The continoing operations

of George Weston Foods in Australia in terms of local currency increased sales by 10 per cent and profits by 24 per cent. Australian results have been converted at 1.99 dollars to the £1. At this stage it is not possible to measure accurately the cost of the impact on profits resulting from the poor quality of the wheat harvest in the United Kingdom this year. However, the satisfactory start to the year by our trading divisions in total is currently being maintained, and we expect that the budgetted profit increase for the year will be achieved. Profits of the group can of course always be affected by the unknown factor of foreign exchange rates.

> Associated British Foods plc Weston Centre, 68 Knightsbridge, London SW1X 7LR

WHOSE SPPARKLING PERFORMANCE IN THE SPPHERE OF FLUID HANDLING LEAVES THEIR **MPETITORS** SPPEECHLESS DISPPIRITED?



SPP designs and supplies state of the art fluid handling systems to fire control, environmental and industrial markets all over the world - call us.

SPP ptc, Oxford Road, Reading, Berkshire RG3 1JD England. Telephone: 0734 25555. Telex 848189.

SWISS BANK CORPORATION

ITT ANTILLES N.V. 94% US\$ Bonds 1989

Swiss Bank Corporation, Zurich, announce that the Purchase Fund instalment of Bonds, due 30th September, 1985 for a nominal value of US\$2,000,000 has been met by purchases in

US\$63,000,000 nominal amount of Bonds will remain outstanding after 30th September, 1985.
6. Paradeplatz

CH-8022 Zurich

5th November, 1985

n de la grande de la completa de la compl

Sound Diffusion tumbles midway but recovery seen

Sound Diffusion, electronic engineer, suffered a sharp fall in pre-tax profits from £5.27m to £2.88m for the first half of 1985. But some improvement is expected in the second six months and the full year figure is forecast to be in the region of last year's £7.44m.

Mr C. R. P. Stonor, the chairman, explains that in the first six months the company experienced e continuing fallout of rental business, written prior to the introduction of its credit control system. This, coupled with the magnifying effect of a new accounting standard, SSAP 21, has been the main cause of the profits derline.

The half year result also reflects the final large trading losses of Alpha Lifts up to its reorganisation in March and the low rate of rental installations in January and February mentioned in the chairman's June statement

These three factors have de-ressed interim profits by about

profitable and should make a useful contribution in 1986.

He says it is not possible to forecast accurately when suspect rental contracts will be flushed completely 'out of the system,' but current indications are that the second half of 1985 will show a reduction in carrellations and that in 1986 the problem will be a relatively minor one.

that in 1850 the problem will be a relatively minor one.

Referring to the accounting activity! change, Mr Stonor reminds Howev bolders that the Institute of intake is Chartered Accountants recom-mends that rental and leasing companies write their post-1984 accounts in accordance with SSAP 21.

This has made it necessary to recalculate and reclassify each of the company's 20,000 rental accounts in respect of capital values, depreciation and service

Wire & Plastic

profits up

20% halfway

was 1.4p on a pre-tax profit of £311,000.

Tysons midway

The economic climate in the

north-west of England, with its shortage of work and conse-quently reduced mergins, bave produced losses for Tysons (Contractors).

(Contractors).

In the balf-year to June 30 1985 they increased from £361,175 to £419,607 on turnover down from £13.05m to £11.46m. Year-end losses totalled £1.53m in 1984, against profits of £813,000 in 1983. The 1984 losses were blamed on the severe winter.

Mr W. L. Tyson, the chairmen, says the losses have now been stemmed, and the trading pettern in the first and second halves of 1984 will not be repeated in 1985.

Measures taken include secur-

peated in 1985.

Measures taken include securing work in areas outside Liverpool, expansion of the joinery manufacturing subsidiary's activities in the profitable areas, rationalisation of departments

Surplus assets are being dis-posed of in order to reduce bank borrowings and interest charges.

bonald macrherson Group is proposing the early repayment of its outsteeding £382,301 72 per cent uosecured loan stock 1989-1994 at par, together with accrued interest, subject to stock bolders consent.

BUNZL has an interest in 20.87m shares (91.7 per reot) of Stewart Plastics, following acceptances received of 18.11m sheres (79.6 per cent). The offer has been declared unconditional and will remain open.

CORRECTION NOTICE

Wells Fargo & Company

£60,000,000

Floating Rate Subordinated Notes

due January 1994

in accordance with the

provisions of the Notes, notice is hereby given that for the Interest period 28th October, 1985 to 27th January, 1986 the Notes will carry an Interest Rate of 111210% per annum.

Interest payable on the relevant interest payment date 27th lanuary, 1986 will amount to £147.25 per £5,000 Note.

Agent Bank: Morgan Gunranty Trust Company of New York London

and cost reduction.

loss increases

provisions in order to bring them into line with the new accounting principles.

The new balance sheet at January 1 1985, shows net assets of £23.5m, compared with £22.64m in the corresponding balance sheet based on the previous accounting basis. But despite a positive difference of £858,000, the new standard has also magnified the capitalised values which have been written off in respect of a higher than anarmal number of rental agreements prematurely terminated in 1985.

Mr Stonor refers to the loss

Mr Stonor refers to the loss of morale which occurred in the company's sales force due to a fall in the company's share prire after publication of the 1984

He says this fall and the press comment it provoked were inter-preted by many potential custo-mers as signalling the approach-ing demise of the company. This caused a serious reduction in order intake during the two months after the release of the

accounts.

However, time more than any improvement in share price has removed the problem and cur-rent order intake is again buoyrent order intake is again bioy-ant, be states. But despite the growing order book, it will not be possible to accelerate the completion of installations by the end of this year to a rate sufficient to make up for the recent two months of reduced activities.

However, if the rate of order intake is no more than main-tained at its present level during 1986, the chairman says holders may look forward to results for thet year which will dispel any doubts in the company's ability to resume a bigh growth level.

Turnover for the first half of 1985 was £14.41m (£15.07m).

This comprised £14.68m (£15.87m) receivables in respect

Bradbury Wilkinson

recovery to continue

AN IMPROVED trading position is reported by Bradbury Wilkinson, the unquoted security printer. The group cut its half-year loss to £584,000 from £3.76m. Profit is £39,000 before interest of £603,000, compared with a £3.02m loss before interest of £746,000 at the same time last credit was £37,000 veer Since the end of March.

yeer. Since the end of March, pre-tax profits beve been made

The directors expect the group to make a pre-tax profit for the year. This, together with pro-ceeds from assers sales, is expected to result in a further

increase in reserves.

Their view of future trading prospects suggests that the profitable position will be main-

each month.

finance leases; £1.24m (£0.94m) cash sales; £0.75m (£0.7m) ren-

cash sales; £0.75m (£0.75m) rentals receivable from operating leases, less £2.26m (£2.44m) provision for future leases.

Gross carnings under finance leases rose from £1.69m to £2.02m. There was again no tax and stated earnings per 5p sbare were down from 3.78p to 1.93p.

The company does not pay interim dividends — last year's single payment was 0.417p net.

comment Sound Diffusion appears to bave

Sound Diffusion appears to bave a severe communications problem. Only last June It incurred the City's displeasure by delivering full-year profits of £7.4m after allowing its own brokers' forecast of £12m to go unchallenged. Chairman Mr Paul Stonor went to some lengths to explain what had gone wrong; he also said the problems had been solved and looked forward to a resumption of growth in the current year. Since he was speaking only days before the end of the period now being reported on, investors might reasonably have expected him to make some mention of the fact that Alpha Lifts' losses had continued well into the current year and that defeults on contracts for leisure equipment tracts for leisure equipment rentals were accelerating. He did not, further, tha eccounting standard whose introduction he described in June as a belp rather than an imposition has turned out to be a hindrance. The blows to investor confidence have been severe and the shares. already down from last year's bigh of 163p to 45p, shed another 4p to 41p yesterday. Alphe Lifts may now be showing profits and rental contracts may be picking

up, but with further unquantified defaults in prospect and the company's credibility gap yawning ever wider, the shares look unettractive even at this price.

Turnover in the half-year came to £23.71m (£17.67m). An extra-ordioary credit of £870,000 com-

peres with an extraordinary debit of £1.66m last year and a loss per share of 79p compares with £8.16. The minorities credit was £37,000 against £50,000.

Improvements have been mainly in the cheque and other security documents areas,

compared with 1984.

The reorganisation of factory locations during the past year has been sucressfully completed.

November 5, 1985

banknotes

(£153,000).

although

travellers' recorded

Cramphorn drop is 24%

Ente Nazionale per

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Optional Extension of Maturity

Notice is also given that in accordance with paragraph 6(6) of the terms and conditions of the Debentures any Debenture holder may, at his option and expense, extend the maturity

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Fiscal Agent

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ORION ROYAL BANK LIMITED

dension option thereon duly completed.

credit £189,000

Bridport-Gundry at £2m and confident

Bridport-Gundry has announced a 32 per cent increase in pre-tax profils from £1.59m to £2.11m in the year to July 31 1985, and the company is confident of continuing progress in all its operations. At the half way stage profits had risen from £394,000 to £546,000.

Turnover for this Dorset-based maker and retailer of netting and twisted and woven products, showed a 26 per cent improvement to £30.21m (£23.9m), and gross profits emerged £1.27m ahead at £7.17m.

Total dividends of 5p (4p) are proposed, with an increased 3.55p proposed, with an increased 3.55p (2.75p) final. Stated net earnings per 20p share are shown up from 14.43p to 15.49p, after tax almost doubled at £850,000

There were investigations fol-lowing the departure of a direc-tor of Brownell & Co of Connec-ticut in May which revealed that for some time records of work in progress had been altered after physical stock counts to show higher values of stocks than were there.

Because of the unavailability of certain records, tha effect m of certain records, the effect me the year under review cannot be precisely indicated and e con-servative view of profit bas had to be taken. No defalcation is believed to have been involved but the net effect on group reserves, dealt with as a prior year item, is a reduction of some £200,000.

Brownell was also affected by the annual production of helicopter underslung nors, worth over \$600,000 on a single order, being condemned after some were found unsatisfactory on final testing.

It was necessary to establish another approved source and to reserve cost of replacing the substantial number of attachments already included in the floished product. But all the nets should be delivered by the end of December 1985, they report. report.

The Marine division did well, the directors state, despite the

in some parts.

Bridport Aviation Products bud another excellent year, and most of the group's other subsidiaries had good results, they-report. Aithough James Pearasil bad a disappointing year in sewing threads, its surgical sutures side was successful. Because of the difficulties in the French market, the company has closed its Parts distribution enuments.

Lolift B-G, which makes intermediate bulk containers, contributed £208,000 pre-tax profits in its first 10 months as part of the group, and gave 2 satisfactory return on the initial £769,000 investment, the directors state.

Fisons in £5m expansion of horticultural division

and chemicals group, has streng-thened its horticultural division with the £4.7m purchase of the home and garden business of Murphy Chemical, a UK subsidiary of the US company Dow Chemical.

The casb purchase, according to Fisons' chairman and chief executive, Mr John Kerridge, "is another step in the development strategy of the division." Murphy Home and Garden markets products for the control of garden pests, weeds and diseases to the smateur gardener

Tumbleblite.

Fisons' horticultural division is the smallest of its three areas of operation, the others being pharmaceuticals and scientific instruments. In the 1984 year it turned in healthy profits of £5.8m, on turnover of £63m out of group totals of £52.8m and £52.8m £552.8m. Mr Kerridge went on: "The

inclusion of the home and garden business within the horticultural division further Strengthens our wide product portfolio: It has through distributors and chain strong brands and an establish stores, with such brand names as position in the market place." strong brands and an established

This announcement oppears as a matter of record only

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& CO. LIMITED **Development Capital**

Medesign markets its way out of a cash flow crisis

Ian Hamilton Fazey revisits a medical products start up two years on

MEDESIGN looks like making it. Despite teetering for some time on the edge of bankruptcy it is now expanding quickly but soundly and has taken on more staff. It now-employs nine people and turnover is moving towards out before revenue picked up again.

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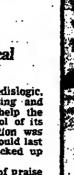
Limited

The company's main product is the Backfriend, a portable ergonomically designed back support that comes hinged to a seat base. The device can be designed to a seat base of chairs — Walkingshaw is full of praise for his bank, the Co-op, from which Medesign borrowed for his bank, the Co-op, from which only had medesign's which only had Medesign's husiness because NatWest had humed the original proposals support that comes hinged to a seat base. The device can be used on all sorts of chairs — from garden furniture to soft sofas to car seats — to aid correct posture. The designer was Dr Duncan Troup, consultant orthopaedic surgeon at Royal Liverpool Rospital and an expert on back pain. continued its snpport as a result of Medesign's frankness about problems, its remedial action and prospects and its good record on spending control.

In 1983 Medesign was fea-tured on this page (October 18) when the Backfriend had been in production for six months. Then, bopes were high among its founders — Tronp, John Wilkinson, who is marketing director of a large greetings card company, Dr Peter Dean, a prize winning biochemist and genetic engineer, and Ian Walk-ingshaw, a redundant manager from the chemicals industry. Dean, then at Liverpool Uni-

bean, then at Laverpool University, had encouraged his friend Troup to go into production with the Backfriend after Troup had falled to find a manufacturer willing to take it on, Wilkinson and Walkingshaw were friends from Dean's local pub. All four put up £500, taking 25 per cent of the equity each, with Walkingshaw the only executive director

The venture nearly went bust last year after the founders farmed out UK sales and marketing to a well-established medical supply company. This was a breakthrough and was



turned the original proposals down as too risky). The Co-op

OGRESS

REPORT

newspapers—picked up quickly. Walkingshaw says: "Far too many companies overspend in

terms of non-essentials. We have resisted the temptation to

replace the original's leather thongs, and fully upholstered versions are now available— these have been doing well among wheelchair users.

Meanwhile the other main product, patient-bandling slings

As it turned out, Medesign As it turned out, Medesign came through the crisis withont having to borrow more, although it came perilously close to overtrading. Walking shaw says that cost control disciplines were the key. Buying in of supplies was matched carefully to demand, as sales of the Backfriend—mainly by mail order through magazines and that come in pairs, is steadily gaining ground in hospitals. The slings are designed to enable nurses to lift patients so that the leverage is applied through the nurse's centre of grantity.

gravity.

The prototypes were stamped out of conveyor belting but once the principle of use had been proved, an injection-moulding process was introduced to make the slings from a heavy-duty plastic. They are now being evaluated in trials by the U.S. veterans administration. Acceptance will see them by the U.S. veterans administra-tion. Acceptance will see them used in USVA bospitals world-wide, as well as boosting expanding U.S. sales.

Medesign's other products include wooden band blocks (shaped rather like electric (shaped rather like electric irons with large, oblong hotplates) that enable patients to move themselves about in bed more easily, and a goniometer, a device used by doctors and physiotherapists: to measure accurately the angle through which patients can bend joints. The latest development is a cut-price (£9.95 as against competitors usual prices of £35.£40)

supposed to assure the new company's future, making its products—Backfriend Is only one of five medical devices Troup has developed—stock items on a major wholesaler's list.

But the distributor failed to perform, partly because because a senior manager. Sales in a six-month trial period achieved only 38 per cent of hudget. Medesign plunged into serious cash flow problems.

Which patients can bend joints, have resisted the temptation to spend on fancy offices and furniture or a better car for me, of the interior car for me, of t

ing now in France, Italy, West

Germany, Belgium, Ireland and Sweden, as well as the United Arab Emirates, Australia, New Zealand and the U.S. Pricing in foreign markets is left to the agents, with the result that the Backfriend sells fur the equivalent of £45-£50 ahroad, compared with £30 in the UK.

Medesign's turnover (it has o May year-end) has risen from £9,000 in 1982-83 to £36,000 in 1983-84 and £100,000 last year. The current year expectation is £250,000, doubling to £500,000 for 1986-87.

for 1986-87.
Staffing, which started with himself and one other, bas risen to nine, with one more to be recruited this month. Future expansion may accelerate more quickly than planned now that Boots. Britain's leading high street chemist, has decided to stock the Backfriend of its bigger outlets. However bright tt now looks

Walkingshaw admits that it bas been a very close-run thing. Medesign launched innovative products into conservative markets where things like evaluative trials take a long time to hear fruit. The problem for Medesign has been to survive long enough to pick the

Walkingshaw thinks that many small businesses fail because they do not have the resources to live long enough to learn and adapt, as did Medesign with its marketing strategy.

They also fail because the

founders look for too rapid returns. From the ontset, all of Medesign's founders agreed to take nothing out of the company for at least four years, conserving working capital and enabling profits to be ploughed back.

US entrepreneurship

Service industries dominate growth

BY WILLIAM DAWKINS

productivity and job genera-tion—and women represent the fastest growing sector of America's entrepreneurs.

Those are among the main conclusions of the recently published annual report of the US Small Business Administration, the government department which provides soft loans, subsidies and advice, and defends the cause of small business within the Administration.

within the Administration.

Industries where small business dominates (sectors with companies of less than 500 employees account for at least 60 per cent of total sales) are creating jobs twice as fast as industries dominated by large busineses, says the report. Such industries saw on 11.4 per cent increase in employment in the two years to October 1984, as against the 5.3 per cent growth recorded by large business dominated sectors.

About 325,000 small companies were incorporated in the first haif of last year, an 8.6 per cent in the same period. says the report.

US SMALL businesses continue traditional manufacturing indus-to lead the way in the nation's tries into the expanding service rapid growth than that for the vature staff. The key to this is dominated service industries scored a 12.6 per cent rise in employment in the first six months of 1984; a statistic which adds weight to the British Government's hopes for service industries as an important source of new jobs.

asurce of new jobs.

The report contrasts US experience with that of Europe, where 2m jobs have been lost over the past 10 years as against about 20m gained in the US.

This lacklustre performance is partly attributable to European policies that tampered with the natural forces of the market place, often shunting valuable resources away from the innovative and job-creating small business sector," according to the ness sector," according to the

Many of America's new firms

tries into the expanding service rapid growth than that for the sector, they are "creating small business sector as a whole, thousands of new jobs," according to the SBA. Small-business to match the pension were 3.1m women small business and health insurance benefits were 3.1m women small business owners in the US by last year. "Women business owners have moved into the entrepreneurial Britain.

mainstream," it says. They are narticularly strongly represented in service industries like retailing, finance, insurance and property, but they are also moving into a wide range of traditionally male-dominated occupations such as construction and law, adds the report.

The increasing percentage of women in the labour force means that "as wage and salary workers, women have acquired skills and experience that can be translated into entrepreneur-ship." The growing number of women laking advantage of higher education together with the expansion of services indus-tries — many of which demand skills that women have tradi-

offered by large companies: a problem which is also felt widely by entrepreneurs in

On average, it costs a US small business \$1,180 (£819) per head to establish a benefits package, while a large company pays a mere \$574 for the same package, estimates the SBA The difference arises because it takes just as iong to set up a

company benefit plan for five as fur 50 employees.

"It is difficult for start-up and expanding small companies to offer a full complement of worker benefits. Yel these same enterprises furnish the nation with the major share of new jnbs," says the report. It points out that Congress has passed an array of legislation supporting pension benefits for small busi-nesses. "Small firms, however, are still not taking full advantdominated sectors.

About 325,000 small companies were incorporated in the first half of last year, an 8.6 per cent in the same period. It points out that the provided report. It points out that the provide

In brief . . .

INTRODUCTION to Business. launched last week by Uaborne Publishing, provides a brightly illustrated and clearly explained guide for beginners to the business

world.

It makes use of some novel and appealing methods to explain basic business principles. The idea of cash flow, for instance, is illustrated by locks controlling the flow of water in a canal, with each lock representing a senarate lock representing a separate step in establishing a cash Control system. Written computer programs

Written computer programs enable micro-users to play at running a coffee shop or a fashion business. Prices, stocks, wages and other variables can be juggled to establish the effect on profits. The programs can be souded anto most popular brands of home computer.

The book costa £2.50 in paperback or £4.95 in hard-back from Usborne Publishing, 20 Garrick Street, London WC2E 9BJ.

A COURSE designed to help small established businesses grow is to be held on five successive Sundays starting later this month by Haycraft Personnel and Training, the South London training group.

The entire cost of the courses is being paid by the Manpower Services Com-mission as part of its adult training strategy. The first session starts on November 17. Details from Haycraft Personnel and Training, Southbank House, Black Prince Road, London SE1 75J. Telephone 01-587 0569.

HAMBRO Legal Protection has launched an insurance and legal service for small business customers.

Only applicants with less than five employees or annual sales below £300,000 are eligible for the scheme, which costs o tax-deductible £30 a

The scheme includes o 24-bour telephone legal advisory service for no extra charge, accountants' fees of np to £10,000 to appeal against value added tax assessments or np to £1.500 to deal with Inland Revenne in-depth tax investigations, up to £10,000 in legal fees for business eriminal prosecutions—in-cluding motor offences—and up to £10,000 for legal costs of disputes with customers or

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SMALL husinesses which need marketing help but do not

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know where to get it can make use of the register of marketing consultants nu-veiled last week by the Insti-tute of Blarketing.

More than 100 consultants— all vetted by the institute— have joined the register and another 500 are considering whether in add their names fo the list. The institute is offering small businesses free introductions to consultants.

The companies are asked to

fill in a short questionnaire indicating the rough nature of their needs and the institute will then supply the names of three consultants likely to be suited to the applicant's re-quirements. Counselling is quirements. Counselling is ovallable for businesses which are unable to identify areas where they need most help. Details from the Institute of Marketing. Moor Hall, Cookhan, Maidenhead, Berkshire, SL6 3QH. Telephone 06285, 24922.

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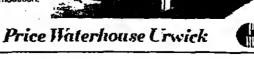
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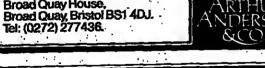
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The Joint Receivers offer for sale as a going concern the business and assets of the above company based in Bristol. The company manufactures soft bedroom furniture such as headboards, chairs and linen chests for furniture retailers throughout the country including well known national companies. The annual tumover is approximately £2m and the company has

- 50 employees. The assets comprise:
- * Goodwill *Leasehold premises of 25,000 so feet Plant equipment and motor vehicles
- * Stock
- All enquiries to: K.S. Chalk or M. T. Fitzgerald, Arthur Andersen & Co.,
- Broad Quay House,



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Further details from: Adrian Scheele, Erast & ... Whinney, PO Box 61, Cluth Hall Court, 14 King Street, Leeds LS12JN. Tel: 0532 431221.

Ernst & Whinney Accountaints, Advisers, Consultants

> Motor Vehicle Dealership North Yorkshire

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Main dealership potential
Trunk road frontage on A65
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Thornton Baker

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The principal fully Resistered Presidential Hotes with Resistered Presidential Hotes with Resistered Part Off-Sales
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HEADLEASES FOR SALE

Reglise the

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INDEX SYSTEMS.
Cambridge, Massachujetts
computer mahagement don

sultancy with a newly-established office in Lewise.

thinks computers should be used much more to produce a

ocmpetitive edge for a company rather than just for increased efficiency and cost

three important clients in the UK. ICI for example, has been putting Viewdata terminals

into farms, so farmers can

The company alre

to give

an edge

TECHNOLOGY

Japanese invest in **fundamental** research

JAPANESE companies have opened about 35 new laboratories in the past few years to concentrate on fundamental scientific research, according to the Jepan Management Associa-

The association, which re-cently led a tour of Japanese industrialists to study European research organisations, has drswn np a list of big Japanese companies which have estabnew experimental

Mr Akira Kondate, a staff member at JMA Consultants of Tokyo who led the tour, said that Japan bad much to learn from western Europe about how to conduct long-term, non-product orientated research. The iodustrialists were shown round PA Technology in Royston, Britain; Sbell Research in the Netherlands; Ciba Geigy in Switzerland; MBB and Siemens in Germany; and Thomson in

According to the association, "companies are establishing laboratories by putting empha-sis on basic development to aim at commercialisation in 10 or 20 years from now." Among the sectors establishing the research centres are:

Medicine and food, for work on new medicines, high-yielding seeds which resist attack by in-sects and use novel techniques

in biochemistry.
Electronic hardware, whose main research interests are integrated molecular memories. the marriage of biotechnology and electronics (bioelectronics)

and artificial intelligence. Chemistry and materials. Optical fibres, new resins, carbon fibres and gallium arsenide are subjects of special interest. Machinery, where work will conceotrate oo new types of factory automation systems.

The accent on long-term re-search is part of Jepan's move to shift more of its resources into research and development. In 1983 it spent Y7.18bn on research and development, 1.6 times greater (In real terms) than in 1975. The ratio of research spending to gross domes-tice product was 2.58 per cent to 1983, compared to 1.9 per

cent in 1978. About three quarters of the total spending is borne hy pri-vate industry, with government bodies putting up the rest. Private industry's share of research spending went up from 69.8 per cent in 1978 to 75.8

Profits become harder to find in CAD industry

A notable shake-up is going on in the computer-aided design (CAD) market in the US. footed by the and one or two major companies

—Computervision and Calma
for example—have "been
stunned by red ink" according systems, Geoffrey to market research company Daratech of Cambridge, Massa-Charlish reports chusetts.

chusetts.

Although the growth rate of the industry is still e respecteble 30 per cent a year (a figura for which some other parts of the computing industry would be grateful). It has become harder to make a profit.

Computervision posted a 1985 first quarter loss of \$19m and laid off 950 employees while Calme, the General Electric (US) subsidiary, which was unprofitable in 1984, laid off 115 staff in April staff in April.
According to Daratech, Com-

putervision, et one time market leader in CAD will take only 14.7 per cent of the sales this year, falling into third place behind IBM (21.4) and Intergraph (15.7).

Companies with an estab-lished backbround in big, turnkey CAD systems based oo mainframes and large minicom-

Established companies have been wrongacceptance of PC

pnters have been wrong-footed by others offering quite power-ful CAD systems on personal computers.

Daratech says that acceptance

of systems based on the personal computer (PC) has been "explosive." There were 42,000 units installed by the spring of this year so that by now the figure must be rapidly approaching 100,0000 Wall course shirt ing 100,0000. Well over a third of all computer-aided design, manufacturing and engineering seats (workstation positions) are now thought to be based on

Such systems typically cost under \$18,000 (hard and soft ware) and they are getting faster and more versatile all the time. They are burting sales of high-end systems with prices

ranging from \$50,000 to \$120,000 per seet. According to the Daratech

report, users are finding that PC-based systems often give them 70 per cent of the benefit for 20 per cent of the cost—so their sales growth is hardly surprising. The move to PCs is expected

to accelerate even more quickly when more powerful computing engines came on to the market, with better displays, between now and Spring 1986. A further announcement by Intel of a 32-bit microchip and by National of an enhanced version of its

Leading the PC pusb are Autodesk, which is now thought to be selling some 2000 copies a week of its bighly regarded AutoCAD dranghting and design software, and FutureNet, each with sales of about \$10m in 1984. There are now over 25 commanies selling som street. 25 companies aelling such stotware in the US. According to the market

research company, building revenues in this segment has revenues in this segment has So by the end of this year, been difficult for the established it is estimated that IBM will turnkey system vendors have 21 per cent of the US CAD because of low unit prices and because users apparently prefer \$770m, putting it six points

1985 CAD CAM

to buy personal computer hard-ware independently or use computers already purchased

for other purposes. There are no prizes for guessing who has been the main beneficiary of all this. It is of course, IBM, which no whas a stranglehold on the PC market. Darastech estimates that in 1984, users spent \$560m for PC-based design, manufacturing and engineering systems, mostly for IBM hardware.

ahead of Intergraph, which has bad "outstanding user accept-ance" of its systems, which are based on the 32 bit VAX computers from Digital Equipment Corporation.

Intergraph has also begun shipments of a one MIP (millons of instructions per second) workstation called interpro 2. based on the National Semi-conductor 32 bit micro. The stations only cost \$20,000 and can deploy Unix or MS-DOS

powerful new general-purpor engineering workstations similar to products made by Apollo Computer and Sun Microsystems. They will be \$2 bit machines in the one to four MIP range, possibly using the Unix operating system, with prices between \$15,000 and prices \$40,000.

CAE PROJECTIONS

EDITED BY ALAN CANE

MARKET SHARE-

IBM therefore seems set to surround the market with an aray of compatible products, in can deploy Unix or MS-DOS operating systems.

The Daratech researchers, believe that IBM is preparing annually, from Daratech, 16 a number of single user Cadam systems based on PCs and on Combridge, MA. (617) 354 2339.

call up weather forcests, prices and other agricultural information. What they also get, of course, is information about ICI products, giving advantage over its compe-

Index also is working for Whitbread and Hill Samuel, but is unwilling at this stage to disclose what the projects

titors.

It is particularly interested in thinking up systems that will make it eatler for a company's customers to

company's customers to choose and buy its products. More from Mr. Thomas Waite on 01-439 1416.

Cheaper robots MORE ROBOTS are being sold in the US, and they are getting cheaper. Figures released by the Figures released by the Robotic Industries Association. Dearborn, Michigan, show that in the second quarter of 1984, 1,965 machines were sold for a total of \$66.5m—an average price of \$62,441.

In the same quarter this year, shipments were up by nearly a half to 1,524 units, valued at \$79.1m, an average price of \$51,902.

The association estimates that about 18,000 robots are new in use in the US, and that the total will top 20,000 by the end of the year. More rom the US on (313) 271

13.7.

4.

How BR put its distributed computing strategy on the right track in smaller administrative sup-Professional Personal

LAST YEAR the British Rail- guaranteed results. ways Board decided it bad to

computing strategy. financially viable within four Since 1981 it had been "sell- years taking all costs into ing" microcomputers to its own

information systems and technology for the board, argues it was a brave step for BR at the time: "This decision was prob
The architecture bad to sup-

Mr Benz described the rationale behind British Rail's oew strategy to the FT's Third

Mr Benz explained that the Professional Personal Computer conference in London last week. What follows are the highlights

business plan and corporate objectives. The corporate plan targets strict financial returns targets strict innancial returns and the amount of money availand the amount of money availties like compilers are included micros can be used as online
able for speculative investment in local systems software, terminals to more than a dozen
is limited. So the computing locally-developed software is central management informainitiative had to be based on centrally maintained, but downtion systems.

We therefore decided: devise a coherent distributed All the projects bad to be computing strategy.

staff from computer shops in its • A common technical archi-main computer centres or allow-ing them to buy machines from all users to avoid a technologioutside suppliers. cal "Tower of Bahel." Mr Otto Benz, director of Networked microcomputars

ahly the main reason for the port both personal applications rapid and enthusiastic accepand corporata initiatives. tance of personal computers by To profit from maximum BR corporate users."

To profit from maximum competition and to maximise

Board was anxious to devolve the maximum amount of decision making to local levels, so responsibility for all necessary of that paper.

"The information technology plan is based on the corporate plan and corpo was left to local management.
Overall, development facili-

Computing line loading of data files from central systems and central systems and central mainframe

access from the micro is allowed. What can a BR user do with his personal computer? Mr Benz listed five principal areas.

Telecommunications: each user is connected to an in-house circuit switching system sup-porting more than 6,000 devices. Office automation: standard electronic office functions such as word processing, spread-sheets, electronic mail and executive diaries are provided

through the system.

Tailor made applications: a number of specially written applications programs, specific to BR problems can be installed on all local systems,

On-line access: The networked

Direct data entry in central systems: To speed up data entry and reduce data collection costs, payroll and accounts payable programs in the data centre have been modified. Local users input the relevant information through their micros and store it in a local disk memory. The information is then transmitted

to the mainframe during the evening or night. "By the end of the year," Mr Benz said, "there will be approximately 100 installed local area networks with about 1,000 workstations. In addition, there are about 2,500 microcomputers used in stand-

alone and linked modes." Mr Benz concluded that direct
financial justification for the
system was difficult but achieveahle. "Significant cost savings
can he realised. The basic cost
itself significant damage by justifications so far have been creating based on productivity gains in lopments general administration resulting practical realisation.

ture minimises initial invest-ment because it can be adjusted to meet initial local needs and enhanced in step with increased demands and benefits.

"The adoption of an IBM

compatible approach has been justified. The ability to switch between suppliers of major components has demonstrahly led to cost savings of more than He was not impressed with

the provision of personal com-puting facilities for the casual user, calling it an expensive

But it has not led to signifi-cant waste. "The sight of unnsed terminals very quickly leads to personal embarrassment and to the speedy removal of the neglected device."

creating euphoria about deveyears

. "Our grealest achievement port groups," he said. was to make the investment
He said the project confirmed that networked micro architectifacilities which the IT industry put at our disposal. What is truly remarkable is that we retain our faith in the industry in spite of the gap between what can be delivered and what the marketing machine promises." And he did not believe that distributed computing was con-tributing at present, at any rate. to the advent of the paperless office. "While It is true that the production costs of text have been greatly reduced, the ease and speed of distribution through fax, copiers, and so on,

> "My own observation is that we are using more paper than ever before." The initial fascination with

have been enormously en-

technology vanished very ial struggle with the semantics followed by a vague compre-hension of the complexities, neatly hidden by the jargon, drives most corporate users to concentrate on their practical of problems, he said.

بسم لونذ كالزمس لازميم دارالمال الاسلامي القابضة

DAR AL-MAAL AL-ISLAMI TRUST **Notice of Annual General Meeting**

NOTICE IS HEREBY GIVEN to bearers and owners of Equity Participation Certificates of DAR AL-MAAL AL-ISLAMI TRUST, that the Fourth Annual General Meeting of the above Trust will take place at the Hotel Hilton in Istanbul, Turkey, on 30 Rabia at Awal 1406 A.H., corresponding to 12 December 1985 at 10.00 o clock for the purpose of considering the matters in the following

AGENDA

1. To receive the Chairman's statement and the Report of the Board of Supervisors.

2. To receive the Report of Religious Board. To receive the consolidated audited Financial Statements of Dar Al-Maat Al-Islami Trust for the financial year ended June

30th, 1985 and the Report of the Auditors thereon. 4. To elect the Auditors for the next fiscal year. S. To re-elect the outgoing members of the Board of Supervisors or to elect any replacement members and to ratify the remuneration of Members of the Board of Supervisors.

To declare distribution of dividends on the result of the financial year 1984/85. 7. To reconsider the deduction of Zakat.

8. Any other business.



Mohamed Al Falsal Al Saud Chairman of the Board of Supervisors

1. In accordance with article VIII, paragraph 5 of the Indenture of Trust, only Muslim individuals or legal entities controlled by Muslim individuals or Governments shall be entitled to exercise voting rights as bearers or owners of Equity Participation Certificates and the Board of Supervisors shall have the power to certificates and the coard of supervisors stall have the purver to require an attestation of such from each person voting at the Annual General Meeting as a bearer or owner of Equity Participation Certificates or granting or exercising a proxy for such a bearer or owner. In the event that the Board of Supervisors has reasonable cause to believe that any such attestation is false, the Board of Supervisors may require such bearer or owner, or

proxy to furnish reasonable proof.

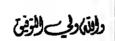
2. Display of an Equity Participation Certificate at the Annual General Meeting or of a signed attestation from a bank or one of the offices of any entities within Dar Al-Maal Al-Islami Trust Group certifying that the bears' a or owner's Certificates are all held in safe custody with the bank or such DMI office shall entitle the bearer or the owner thereof to a number of votes equal to the number of Participations represented by each Certificate. A bearer or an owner entitled to attend and vote at the Annual

General Meeting is entitled to appoint a proxy, by way of proxy form with the under-mentioned text, to attend and vote on his behalf, but a bearer or an owner appointing a proxy must hand to the proxy temporarily all his Equity Participation Certificates or, in their stead, the above-mentioned attestation from a bank or office together with the proxy form so that the proxy may present the Certificates or the attestations and the form at the Annual General Meeting. A proxy who does not present both such Certificates or the said attestation and the proxy form will not be entitled to vote. 3. Subscribers to the Private and Rights Issues in the Second Issue of DMI Equity Participations will have the right to attend and vota, according to the relevant provisions of the Indenture, in this Annual General Meeting of bearers and owners of DMI Trust Equity Participations. Subscribers who have not yet received their registered certificates by the time of this Annual General ing will be entitled to attend and vote at this Annual General Meeting by presenting the subscription form or confirmation of subscription or instalment forms showing the number of participations for which they have fully paid.

KNOW ALL MEN BY THESE PRESENTS that I, in my capacity as a Muslim bearer (owner) of Equity
Participation Certificates representing Equity
Participations in Dar Al-Maal Al-Islami Trust and as such entitled objective that he or she may present them at the said Annual General Meeting on my behalf and the said proxy will sign a copy of this form as proof of receipt from me of the said Certificates and shall have the legal and moral obligation, sanctionable by legal action in the event of default, to return intact to me all the said Certificates after the Annual General Meeting shall have taken

IN WITNESS WHEREOF, I have hereunto affixed my signature

signature of bearer (or owner)

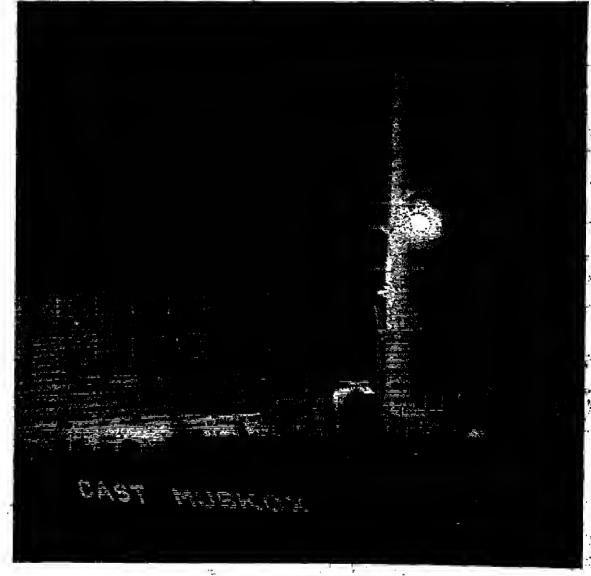


DMI Trust Administrator Dar Al-Meal Al-Islami SA 84 av. Louis-Casar 1216 Cointrin/Geneva, SWITZERLAND Phone 022/98 40 40

Islamic Investment Company (IIC) 10 St James's Street SWIA I EF London, UNITED KINGDOM

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FT COMMERCIAL LAW REPORTS

Audio-copying declaration is refused

AMSTRAD CONSUMER ELEC-TRONICS PLC v THE BRITISH PHONOGRAPH INDUSTRY LTD
Court of Appeal (Lord Justice

Lawton, Lord Justice Slade and

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ROBOTS at b t the US, and the Lord Justice Glidewell): Octo-ber 29 1985 ADVERTISING which draws attention to the fact that andio equipment is capable of copying pre-recorded cas-settes does not "authorise" purchasers of the equipment to commit breaches of copy-

right in the cassettes, nor expose the seller to liability for negligence, but such ad-vertising could constitute un-lawful incitement to infringe convigint triable not in the civil courts, but by prosecution. The Court of Appeal so held

The Court of Appeal so beld when dismissing an appeal by Amstrad Consumer Electronics ple trom Mr Justice Whitford's refusal to make a declaration that its conduct in respect of the sale and promotion of audiocopying equipment was lawful. The respondent to the appeal, and defendant in the action, was the British Phonograph Industry 144. (BPI). an organisation set Ltd. (BPI). an organisation set up to protect the interests of the recording industry. Section 1(2) of the Copyright

Act 1956 provides: " . . the copyright in a work is infringed by any person who not being the owner of the copyright, and without licence. . . authorises another person to do, any of the [acts restricted by the copyright]."

right]."
Section 21(3): "Any person who makes or has in his possession e plate knowing that it is to be used for making infringing copies . . . shall be guilty of an offence . . .

LORD JUSTICE LAWTON said that the activities of pirates and home copiers had caused buge losses to the owners of copyright in tape cassettes. About 77 per cent of the population owned andio machines, and o substantial proportion of them had at some time or other used them to copy pre-recorded cassettes.

A source of irritation and concern to the recording industry was the fact that some manufacturers of machines capable of home copiers had ceused buge

fry was the fact that some manufacturers of machines capable of copying pro-recorded cassettes had, by their advertisements and promotional material, invited attention to that capability.
One such manufacturer was

Amstrad. It was reputable and had a large share of the market for randio machines. In about 1960 it manufactured and sold to netallers machines consisting of radio, gramophone and a tape recorder with "two cassette record from one tape to another.

It invited attention to that capability in its advertisements.

That followed from a line of lad been used to infringe copying machine copyi

to another at twice the normal playback speed.

Amstrad took legal advice about its advertising and promotional literature. An advertisement for one model stated.

The word of the party who sells it knows that he is going to indicate the person who sells it knows that he is going to indicate the person who sells it breach of its duty of care to copyright owners.

No doubt the way in which purchasers used Amstrad's new playback speed. knows
Amstrad took legal advice fringe tisement for one model stated: Now . . . you can record from

any source and make copies of the tapes in half the time." An asterisk was put at the end f "source" and at the bottom of the advertisement there was an asterisk followed in smallish type by: "The recording and playback of certain material may only be possible by permission. Please refer to the Copyright Act 1956. The Performers' Pro-tection Acts 1958-1972. Market research showed that

the majority of potential pur-chasers belonged to the 16-25 age group and tended to be unskilled workers. No doubt nearly all those who read the advertise-ments and promotional literature would have understood them to mean thet the machines could be used for copying pre-recorded cassettes.

The warning would have been The warning would have been likely to confuse and mislead. The two Acts to which it referred were most unlikely to be available to those who bought the machines. Also, the use of "certain material" would not have told them that if they copied a pre-recorded cassette bought from a shop, they would probably commit a criminal offence under section 21 (3) of the Copyright Act 1956, since

probably commit a criminal offence under section 21 (3) of the Copyright Act 1956, since "plate" in that sub-section included a matrix (see section 18(3))—which was what a presecorded cassette was.

On October 26 1984 BPI wrote to Amstrad, alleging it was acting unlawfully by reason of the way in which it advertised and marketed the new models.

Amstrad denied any intention to bring about infringements of copyright. On October 30 it issued a writ averring that BPI had falsely eccused it of acting unlawfully in the advertising and selling of its machines. It asked for e declaration that it had not acted unlewfully.

On the present appeal that was amended to a declaration that Amstrad was entitled to offer for the present and selling in the declaration that a present and selling that was amended to a declaration that

Amstrad was entitled to offer for sale and sell and supply its audio equipment, and to use and pub-lish the promotional and instruc-tional materials, "without let or hindrance" from the copyright owners.
There was ampla evidence that

Amstrad knew the uses to which buyers were likely to put the models and that it intended to supply the market with facilities for conving copying pre-recorded cassettes.

Mere knowledge on the part of the supplier of equipment that it would probably be used to intringe someone's copyright did not make the supply unlawful; nor did an intention to supply the market for such user. That followed from a line of

In Dunlop (1904) RPC 53, 274 Lord Justice Vaughan-Wilkiams stated that "the selling of an article intended to be used for the purpose of infringing a patent" was not an infringement

of the patent.

Dunlop was binding. Whether a supplier of goods was an infringer of a patent or a copyright would depend on the evidence, but mere supplying with knowledge and intent would not be enough to make the supplier an infringer or a joint tortfeasor with someone who was. Amstrad's supplying was

First, he submitted, Amstraticould be said to have "authorised" infringements. That contention was based on synonyms for "authorised" es it was used in the 1956 Act. [see section 1(2)] and the 1911 Act.

In Falcon [1926] 2 KB 474, 491 Lord Justice Bankes expressly approved two earlier cases in which "authorise" was edjudged to mean "senction, approve and countenance."

The High Court of Australia

in Moorhouse v University of New South Wales [1976] RBC 151 adopted that construction. The words "sanction" and "approve" might always have the same meaning as "authorise," but it was doubtful that "countenance" had. In so far as tenance" had. In so far as "countenance" included "condone," it was not accurate to say that anyone who considered an unlawful act outhorised it.

unlawful act outhorised it.

Lord Reid's admonition in Brutus v Cozens [1973] AC 854, 861 about the danger of using synonyms when construing statitory words was relevant.

In Viguent [1945] AC 108 one of the issues, was whether the hirer to a restaurant propeletor of a gramophone which could be operated by customers, had "authorised" a public performance of e particular record.

Lord Russell said at page 123. "Vigneux... neither gave the Vigneux... neither gave the public performance... nor did they authorise it. They had no control over the use of the machine. machine."

Amstrad was in the same posi-Amstrad was in the same posi-tion as the hirer of the gramo-phone in Vigneux. Once it had sold its models (and it sold only to the retail trade), it had no control over how they were used. Moorhouse was distinguishable in that there the university was in a position to control the photo-copying machine which had been used to infringe copy-right.

purchasers used Amstrad's new models had and would cause buse losses to copyright owners. That, bowever, did not make Amstrad hable for the losses unless it had acted in breach of a duty of care to those who had

suffered loss.
In Muinhead v Industrial
Tanks Specialities (CA July 31
1985) the Court of Appeal adjudged that Hability in negli-gence for pure economic loss not consequent upon physical dam-age to the plaintiff's person or property, did not arise unless there was close proximity between the parties or there had

ment.

Mr Kentridge, for BPI submitted that Amstrad's marketing activities were unlawful for three other reasons.

First, he submitted. Amstrad could be said to have "author ised" in the present case there was no such close proximity or reliance.

Amstrad marketed machines which could be and were used for its present case there was no such close proximity or reliance.

Amstrad marketed machines which could be and were used for its present case there was no such close proximity or reliance. no such close proximity or reliance. Amstrad marketed machines which could be and were used for lowful purposes. What purchasers did with the machines was outside Amstrad's control. The decision in Muthhead destroyed BPI's case based on negigence. Thirdly, Mr Kentridge submitted that Amstrad's advertisements and promotional literoments and promotional inter-

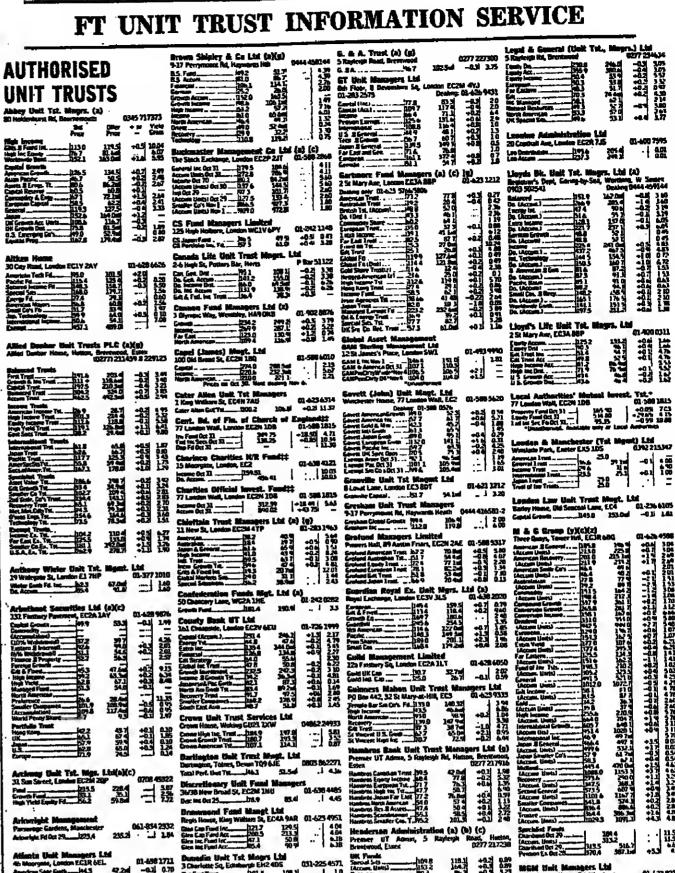
ments and promotional litero-ture provided evidence that it was inciting purchasers of its machines to commit offences contrary to section 21(3) of the

1956 Act.
Nearly all potential pur-chasers would understand the advertisements and promotional advertisements and promotional literature to mean that the machines could be used for copying pre-recorded cassettes. Putting out that material could amount to incitement to commit e crime: see Invicta Plastics (1976) RPR 251 where the Divisional Court held that a company which advertised e device that could detect police radar trape was properly convicted of inciting people who read the advertisements to use unlicensed apparatus for wireless telegraphy. less telegraphy.
It was neither necessary nor

It was neither necessary nor proper to adjudge whether Amstrad had incited anyona to commit an offence contrary to section 21(3). In the event of anyone instituting criminal proceedings in respect of Amstrad's advertising activities, a finding by the present court would are: by the present court would pre-judice the trial.

The appeal should be dis-

Lord Justice Slade and Lord Justice Glidewell gave concurring judgments.
For BPI: Sydney Kentridge OC and James Munby (Hamlin Slowe and Co.). For Amstrad: G. W. Hobbs (Herbert Smith and Co.). By Rachel Davies



general manager

ROYAL INSURANCE PLC. It is also the intention of the board of Royal Insurance PLC to appoint Mr. Rushton a director of the company from Jaouary I. Mr. D. J. Warbrick will retire as a general manager of Royal Insurance PLC and will also resign as a director on Decem-ber 31.

The CONSTRUCTION PLANT-The CONSTRUCTION PLANT-HURE ASSOCIATION has elected Mr R. Chaundy (managing direc-tor, Cox Plant Hire London) as president for 1985-86. He will take over from Mr Rounde G. Stuart (deputy chairman, Hew-den Stuart Group). Mr Ivor W. C. Kiddle (chairman and man-aging director. Ominto Crana and aging director. Quinto Crena and Plant), has been elected to take over from Mr Chaundy as chair-

Br W. G. F. (Bill) Didham retired early as general mana-ger of SOUTHERNPRINT on October 31 although be remaint on the board until the end of this year. He is succeeded by this year. He is succeeded by Mr Philip Ratcliff who was managing director of UTP.

Mr Den Stadden of Unilever has been elected chairman of the council of the AUDIT BUREAU OF CIRCULATIONS for the next two-year period.

FOREIGN & COLONIAL has appointed in Hans Thykier as a director of Foreign & Colonial Management (Jersey). He was at American Express Bank as vice president—private hanking

CENTROVINCIAL ESTATES has apointed Mr. H. A. S. Djanogly as non-executive director. He is deputy chairman and managing director of Vantona Vivella

Mr Ted Butler has been appointed sales director of LEGEND DATA PRODUCTS. Mr Butler has been sales manager for three years. * Bucher

Mr Peter Bucher Joins WAVERLEY ASSET MANAGE-MENT as an executive director.
He was an assistant director of
Edinburgh Fund Managers
where he was principally
responsible for the Australian
and Far East investment.

Wr Lee A. Barros has been appointed to the board of ROYAL DOULTON as commercial direction. He will be responsible for assessing the commercial with the commercial was a second to the commercial with the commercial was a second to the commercial was tor. He will be responsible for assessing the commercial via-hility of all new products and ventures, as well as the pricing of all company products. Ha joined Royal Doulton Canada Inc. in January 1977 as chief financial officer. In 1981 Mr

DELOTTE HASKINS & SELLS has appointed six partners in London and regional offices. The partners in London are Mr David Bennett, Mr Richard Burns and Mrs Betty Nicholson; while Mr Alastair Browne and Mr Arthur

Mr R. Greenbury and Mr E. W. Parker have been appointed as non executive directors of METAL BOX. Mr Greenbury is joint managing director of Marke and Spencer, and Mr Parker is group chief executive of Trafalcar House.

of Plessey Electron director

Royal Insurance From January 1 Mr L L. Rush-ton, currently managing director. Royal Insurance (UK) Ltd. is appointed a general manager. ROYAL INSURANCE PLC. It is

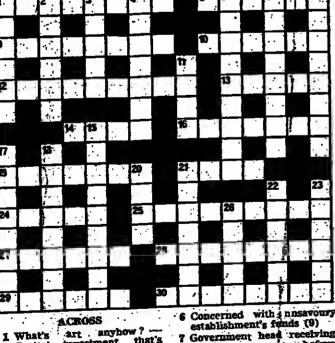
gar. House.

LAYS BANK to pursue business interests in the Far East. His responsibilities in the investment hanking divison and Grindlay Brandts have been assumed by Mr David Poole, who has been appointed a director of Grindlay Brandts. Mr Poole is chief executive of stockbrokers, Capel-Cure Myers, and will also become chief executive of ANZ Merchant Bank which, when it is formed in January 1986, will include the investment banking activities of the Grindlays Bank Group and later the whole of Capel-Cure later the whole of Capel-Cure

Gwyn, on his retirement, o-chairman of the CEMENT AND CONCRETE ASSOCIATION from January 1 Dr Marshall will continua as deputy group managin director of Blue Circle Indus:

APPOINTMENTS FINANCIAL TIMES CHANNEL ISLANDS SURVEY DEFEMBER 18 1985 For further details, please contact: BRIAN HEBON on 061-834 9381 TELEX 666813 FINANCIAL TIMES Europe's Business Newspaper

F.T. CROSSWORD PUZZLE No. 5,865



ACROSS art anyhow? 1 What's Capital investment, that's what I (5-3)

what! (5-3)
5 Becoming a supporter with some hesitation (6)
9 Shown in action (5)
10 Back a relentless union (6)
12 She paints models as play-

actors (9) 13 Carol's after ladylike employment (5) 14 Pacify in a practical manner

16 Got the children to hold the 19 The person eating less food

tion - (?)

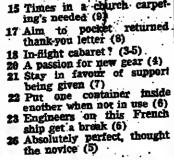
shoot (9)

27 Lend a certain sparkle (6) 28 A song composed about a Dutch leader (8)

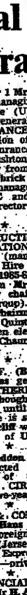
reports on the quiet (8)

1 Has the essentials for pre-senting a case (6) 2 Mounted an attack about the

4 Welcome a small bill, right?







Barros was elected to the board of Royal Doulton Canada Inc. and appointed vice president finance with additional responsibility for with additional responsionity for physical handling. He has now relinquished these positions on his transfer to the UK. Mr Barros was also been appointed to the board of Lawleys, Royal Doul-ton's retail division.

Headerson become partners in the firm's Belfast office, and Mrs Clare Bolton in Manchester. Mr Seiji Furue has been appointed executive director of Japanese

Sir James Blyth has joined the board of THE PLESSEY CO. Sir James, formerly head of defence sales at the Ministry of Defence, also becomes managing

Mr L. A. W. Evans has resigned as a director of GRIND-LAYS BANK to pursue business

AEROSOLS INTERNATIONAL has appointed Mr Tony Dowsett production director.

Dr Gordon Marshall has been appointed to succeed Mr Basil E

Mr Roy Collett has beer appointed managing director of THE WELIN DAVIT ANI-ENGINEERING CO., a subsidiar: of F. H. Lloyd Holdings. He joins from NEI Clarke Chapmar where he was a director and general manager.

Burrens Income French

HEL Truck Hotels Gil & F.J.,

ctays Unicare Linka)(c)(e) arn Hg. 252 Roefford Rd, E7 Engle Star Unit Mogrs Ltd Bash Rose, Cheltesharr GL537LQ -18 100 +69 112 +03 050 +01 291 +06 001 +07 001 +01 125 -01 270 +05 076 +07 141 **新班 特許 四条** +0.2 6.03 +0.3 1.52 2.00 +0.2 1.53 +0.2 0.41 +0.3 2.00 E.A. UK Growth Fed _____95.9 cal Sits, Tri. Heritable Unit Trust Managers Ltd 52 Berteley Square, London WIX 6EH 02-499 6621 68.0 73.5 3.72 Hesmost Unit Trust Managers Ltd 30 From St. Rendung, Berks 07 Equity & Law Un. Tr. M. (a) (c) 140 0 h01.9 HIM Samuel Unit Tst. Mgrs.† (a) 45 Beach St. London EC2P ZLX 77774774 Middand Bank Group UT Mingra. Ltd. Courtwood Home, Scher St, Head, Shelifeld St. 380 Tel: 0742 79642 F & C Ualt M IBI Fund Managers Ltd (a) Key Fund Managers Ltd (A)(g) 35 Fewtain St, Manchester M2 2AF 185 A +04 133 -01 589 +01 050 MIM Unit Tst Myrs Ltd 11 December: Square, Londo

EFM Unit Trust Managers Ltd

Britannia Unit Trust Managers Ltd. (a)(c)(g) 74-76 Finitury Pavement, London EC2A Ltd. III-568 2777 Deploys: 01-636 0478/0479 LEC See Fee 1955.4

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Dank of Scotland Money Market Cheque Account.

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Management Co Ltd. u St. London EC2V 7AU

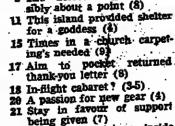
is more artful about decora-

21 Fixed in haste (4)
24 In the same place an oriental copper might be a writer (5)
25 Given a ring, meet maybe in

29 Able to bring parking into 30 Church dignitaries making

beginning of September (6)

3 Western aid for the young



servicemen — one before opening presentation (8)

The defector agreed pos

The state of the s

Dank of Scotland Money Market Cheque Account.

AFRIEND FOR LINE

Jen 8 5:5-5
March 6 15
May 6 31
July 6 44
Sept 6 44
Oc1 6 88
March 7 30
CHICAGO

114 00 113 00

A. H. Herman on legal aspects of the tin pact crisis

Why the Agreement's creditors should try to stay out of court

ONE MUST bope that the tin crisis and the debts of the International Tin Council (ITC) will be settled without that assistance of lawyers. If not, the market is bound to remain in suspense for o long time and a number of awkward questions will be raised over the other commodity ogreements drafted under the auspices and with the help of Unctad (the UN Committee on Trade and Development).

The reason is the the eixth Agreement is anything but a document drafted with the interests of creditors in mind. These now include half of the interests of creditors in mind. These now include half of the interests of creditors in mind.

terests of creditors in mind. These now include half of the members of the London Metal Exchange. The huge amounts they will be owed by the ITC when the price of tin collapses is bound to reduce confidence in their credit-worthiness and so could parelyse the operation of the market. Banks are also heavily involved through their financing of traders and through direct finance provided to tha fTC's buffer stock manager. Without further cash from the 22 member states, the buffer stock manager can obtain money only by selling tin. If he does so the price, so far held about one-third above the market clearing price, will collapse—according to some by 25 per cent but others fear that it may sink down to one-third nf the last support price. The more tin from the buffer stock is sold to meet the debts, the greater these debts will become. Against this background one must first ask what obligations, if any, have the member states to provide cash to meet buffer stock deficits, and second, whether the ITC can be sued in English courts to ascertsin and enforce its obligations to

Slow start for

oil futures

By Our Commodities Staff

revamped crude

for the rules applying to the guarantees and undertakings. Inquidotion of the buffer etock acquired under the 5th Agreement (terminated in June 1982) and "froze" the stock of 24,517 tonnes. It is not quite clear from the nebulous wording of Article 26 of the 6th Agreement. This deois with the the nebulous wording of Article 26 of the 6th Agreement. This deois with the the nebulous wording of Article 26 of the 6th Agreement. This deois with the the Newton the Council was vides that any deficit resulting the council was supported to t tonnes. It is not quite clear from ment. This deois with the the nebulous wording of Article liquidstion procedure and pro-26/2 whether the Council was vides that any deficit resulting au(borised to continue to hold from the termination of the the ontstanding stock or only operations should be sportagree alternative rules for its the member states liquidation. Giving it the benefit in accordance with the volume of doubt—which is justified as and duration of their contribu-

this basis, at some 62,000 tonnes
In June 1985, which would be
within the suthorised limit.

If it is true that, as some
reports have it, the ITC made
additional forward purchases of

some 68,000 (onnes, the authorisation would be overstepped by some 53,000 tonnes, and member states should be able to claim that they never intended to enter into greater risks than those resulting from stock totalling 74,517 tonnes.

or doubt—which is justined as and duration of their contributions to the buffer stock,
test—one can conclude that the
total outhorised stock is 74.517
tonnes.

According to the definitions
of Article 2 tin metol held
includes in addition to physical
at the termination of the contributioned should be deducted
from the refund of contributions due to the member state
at the termination of the agreement. Though postping is said stocks also any surplus of forment. Though nothing is said ward purchases over forward obout what should happen if ward purchases over forward sales. One informed guess put the deficit is greoter than the thotol stock, calculated on this basis, at some 62,000 tonnes in June 1985, which would be deficit, not covered by the within the suthorised limit. between member states in the Asked to comment on such

interpretation of the Agreement, one of the leading executives of the ITC said that it was s matter for the member governments to decide. He was unwilling to say whether the Council ever considered this

any comment.

The second question occupying the miods of crediters is whether the ITC can be sued in English courts and some bave already jumped to the conclusion that it cannot. The

According to the Headquarters Agreement between the ITC and Her Majesty's Government the Council has a legal personality, capacity to contract, to acquire and dispose of property and to initiate legal proceedings. In other words, any deals it makes ore legal and make the Council liable.

However, Article 8 of the Headquarters Agreement gives the Council immunity from the Council immunity from jurisdiction and execution except when the Council has expressly waived such immunity. The ITC spokesman refused to say whether such a such in the expression of the e waiver is normally made in the course of tradiog and when money is borrowed. Creditors can look up their contracts—it would be interesting to know bow many insisted on such a

UK residents and UK regis-

tered companies are in a some-what better position as Article 23 obliges the ITC to ioclude an arbitration clause in all contracts with them, except those concerning staff matters. In addition, paragraph c of Article 8 exempts from immunity the enforcement awards made in such private erbitration. However, the content of the ever, the value of this provision is considerably reduced by the second psragraph of Article 8
which gives unrestricted immunity from judicisl coostroint (ex-cept when involving motor car accidents; to all property and assets of the Council.

This makes it abundantly clear why one should not rely treders and bankers.

totalling 74,517 tonnes, question. Also, the Uncted clear why one should not rely of the first question.

To answer the first question, Depending on the actual size. official in Geneva who helped on thelegal process for the retrieval of the stock, it may be only a to draft the agreement refused payment of ITC debts.

LONDON **MARKETS**

COFFEE prices fell back sharply on the London futures market yesterday reflecting and easing in Brazilian crop fears, which had been the main factor behind the recent strong rise. The January posistrong rise. The January posi-tion, which gained £265 a tonne last week ended the day £77.50 down at £1,915.50 a tonne. Heavy rains in the Brazilian coffee hell at the weekend confirmed the end of o damaging drought and at the same time libere were indications that the damage already done might not be as serere as some had feared. Some traders had suggested next year's crop would be Some traders had suggested next year's crop would be down to between 16m and 18m bags (60 kilos each) but at the weekend the Brazilian Coffee Institute estimated the 1986-87 crop at 19m-23m bags. The more bullishly inclined London traders were sceptical, however. They suggested the institute's figures were based on a crop survey carried out in September, before the major effects of the

before the major effects of the drought had been fest. LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial + or close p.m High-los £ per tonne		
esh months	653-4 677-8	-1.5 -1 581 674	

Gfliciel closing (em); Cash 651.5-2 /660-b), three months 675-5 (684.5-5.5), sentement 652 (660.5), Final Kerb close; 680-1, Turnover; 19,050 toames

Higher grade	Close Close	High low
Cash 3 months	950-1 072 5	+0.5 940 949 -3.25 974 970
Official ch (951-2), three	strom s	re) Cash 948-6 971-5 (973-5). Final Kerb close:
Cathodes	. _ _	

LEAD

	close p.m.	- :	wot dois
Gaen 3 months	265.5-6.5 271.75 a	-3.5 -0.61 2	72.871
(266.5-7), .5†, sente close: 271 Turness	closing (e three mont ment 264 (-2, r: 8,625 tor 0 cents per	ha 271,25. 267). Fin	.5 273- lat Kerb

NICKEL Closerp.m.) —

Official closury (am): Caeh 2805-10 (2805-80), three months 2905-10 (2900-2), settlemen; 2910 (2860). Final Kerb close: 2915-20. Turnover: 984 sonnes.	-
ZINC	

Nightlow

High grade	close p.	4 100110 'W') —	High/ low
Cash 5 months	398-9 410-11	-8.5 -8	÷12,400
Official	22-20	()	

Official closing (am): Cesh 350-1 (402-3), three months 402-3 (415-9), seniament 391 (403). Fmel Kerb close: 412-3. Tumover: 13,700 tennes. US Prime Western, 35.50-38.00 cents per poind.

GOLD

Cold rose \$1, an ounce from Friday's class m the London bullion rearket yesterday to finish at \$325-3255. The metal opened at \$325-325 and traded between a high of \$3254-3254, and a law at \$3244-3254. GOLD BULLION (fine cupes) Nov. 4

GOLD AND PLATINUM COINS

Krg'rnd #32712 328	U3274 227121
4 Krug. \$17512-172	£1193, 120r
4 Krug. 488-884	£61-6112
1/10 Krug. 836 3512	C25 25141
Maple set # 65434-0551	4 .2524-43241
Angel 5336-536	(123012-2334)
ill Angel #361-3712	(£221g-26)
New 30v. 8784-704	£543, 65,
4New 507 3464 474	2381 e0141
Old Sev. \$80-8112	45512-56121
20 Esgle \$469.490	U.312 540.
Nobie Plat # 553 4 357	1223112 S3441

SILVER

SHARL MAS DESG A'30D SU Office
ower for spot delivery in the London
ultion market yesterday or 421.1p.
S cent equivalents of the fixing levels
rere. apet 607.65c, up 1.05c; three-
enth 619.25c, up 1.15c; etx-menth
31.1c, up 1.2c; and 12-month 657c, up
2c. The metal spened at 4231-426120
610-613c) and closed at 422-425p (608-
110).
ric.

LIVERPOOL—Spot and shipmant sales for the week commencing October 28 totalled 1,512 tennes compared with 1,812 tennes in the previous week. A good deal of activity was shoountsred including Australen, lereals, Spanish. West African, American, Pekistani, Chinase, Colombien, Strotlen, Ruscian and Gustamalan usrieties.

US MARKETS

GOLD and silver drifted lower on light selling linked to a steadier tone to the dollar ond firmer Fed funds, reports Heinold Commodities. Copper and aluminium were slightly higher on the belief that the tin crisis on the LME was moving closer to a resolution. Sugar came nuder pressure on indications Brazil would meet export commitpressure on indications Brazil would meet export commitments displie the drought. Coffee registered sharp losses on reports of precipitation in the major Brazilian growing areas. Cocoa traded featureless on o lack of fresh news. Only light producer sales continued to support cotton values. Energy complex came under pressure from profit taking and the lack of fresh cash interest. The grain complex was steady to lower selling on expectation of hetter harvest weather. Suyabean complex was featureless with light technical based support.

1985 — ago	Rubb				
£1100	NEW	YOF	₹K		· ·
	ALUMIN	IUM 40	.000 lb.	CONTE/D	3
£950.5 +0.5 £908.6 _£976.5 -3.25 £1911.75	-	Close	Hoth	LOW	Pr
_ 1976.5 -3.25 11911.75 \$325.25 + 0.58 \$326.75	Nov	42.20	_	_	41.
£266.0 +3.5 £377.75	Dec	42 55	43.55	42 25	42
£271.88 - 0.62 £286.25	Jan	42 95	_	_	42
	Merch	43 65	43.65	43.45	43
169-205c +4.0 281 221.c	May	44.35	_	_	. 43
#101.35 -0.05 4101.85	July	45 05	- 45 10	45.10	
_ \$824.35 5,15 4519.0	Sept	45 75	_	_	45.
8265/275 8270-285	Dec	46.80	_	_	- 46
_ 421,10p -0,80440,60p	Jan	47.15	_	_	46
_438,50p -0,40 452,70p	March	47.85	_	_	47
£8757.5	COCOA	10 tenn	es, 3/to	nnes	
\$70.73 \$66.75		Close	High	LOW	Pr
sea 68 a64-68	Dec	2097	2114	2097	21
1298.S -8.5 £477.5	March	2792	. 2207	2392	7.22
	May	2255	2250	2247	22
\$899:070 5780	July	2285	2292	2285	22
	Dec	2314	2314	2314	23
£430wz 5450	COFFEE	C :	37,000 lb	. cents/	ъ · ·
e360,0+ +5,0 #380	Dec	Close 161.50	H-gh 164.25	759.60	167.

INDICES

REUTERS

METALS

Moifram 22.0ib

FINANCIAL TIMES

Nov. 1 Oct. 31 M'th ago Year ago

Nov. 4 - Nov. 1 M'th ago Year ago

1735.9 1737,5 1706,2 1893.4

(Rees: September 18 193) = 100) DOW JONES Jones 1 31 ago | ago

Spot 118,51117.90 - 125,45 Fut. 122,27101,09 - 128,69 (Baes: December 37 1931 - 100)

MAIN PRICE CHANGES

_* 249.94 ; 292.49 [8848: July 1 1952=100)

Futures opened unchanged and remained confined to a £9 range. Some manufacturers inquiry was in swidence but extuale was generally quiet, reports Cill and Duffus Limited.

L per tonna 1650.1660 - 1683.1655 1703.1705 +2.5 1706.1687 1703.1731 +3.0 1730 1733 1734.1755 +5.0 1756 1149 1776.1777 +14.5 1775 1771 1770.1771 +3.6 1778 1765 1775.1788 -1.0 Sales: 1,185 (2,565) tota et 10

Ionnes.
ICCO indicator prices [US cants per pound). Oaily price for Novereber 4: 104.23 [104.11]: tree-day average for November 5: 103.73 (103.85).

Feb. 331.2 331.6 330.9 33:
April 336.3 336.5 334.6 334.5
June 338.9 339.4 338.0 344
Aug 343.6 347.7 347.7 347.7
Dec 352.3 353.2 352.3 357
Feb 357.5 358.5 357.0 35
April 363.5 363.5 363.5 363.5
June 369.8 370.0 269.8 384
Aug 374.5 374.5 374.5 374
HEATING OIL
42.000 US gations, cents/US gations With reports from Brazri of heavy raine over the weekend and Brazrian crop estimates of \$19-24m, London came under heavy Commission House soliting, losing CBO from the previous close. With New York opening, London reade turner losses, with lowe of \$106 below Fredey's close. The resited Connued to Uado erraincelly for the rest of the beaton closing own on the day, reports Orexel, Burnham, Larebert.

COFFEE Yesterdy's + or Business Done

Seles: 10,000 (10,178) lots of 5

ronnes. (CO indicator prices (US cents per pound) for Nov 4: Corep. daily 1979 147 30 (141.50); 15-day average 130.33

FREIGHT FUTURES

The market opened shighly firmar in thin conditions due to pre-reerket reports of higher physical levels. The Battic Freight Indes equisilents were shown, however, to be unchanged, resulting in the rearket drifting back to close at around last Finday's closing lavels, imports Clarkson Wolff. The Baltic Freigh Index was 810.0 up 3.5 points.

Jan. 910/909 814,5:320 010/908 April 960/858 860 956/885 July 866/850 850 970/850 Oct. 036/050 955 036/937 Jan. 050/941 951 1058/950 April 1035/1000 1085/1025 July 855/986 950/279 Oct. 1080/59 1856/1000 Tumover: 25 (28).

GRAINS

Both whast end barley merkers reads steady progress to reach new contract highs with lack of original offers and good export and of intervention attributes helping to resintain gains. Trede we quiet but merket closed on a steady note, reports Muirpace.

Yesterd'ys + or Yesterdys + or close — close — Nov... 197.65 +0.56 107.40 +0.15 110.20 +0.15 110.20 +0.15 112.66 +0.25 113.96 +0.25 115.00 +0.19 July 112.39 +0.25 115.00 +0.19 July 112.39 +0.25 -8ept. 97.00 -0.16 97.36 -

Sept. 97.00 -0.16i 97.36; -9.26. 97.36 97.

calculations using three days exchange rates (is expected to rorsain unchanged et 1.000.

High Low 87,10 86,35 86,65 86,00 85,10 75,74 73,25 72,75 72,20 71,80 72,00 72,00

Prices diffed lower across the board influenced by spot Nov which lost 2p in spite of the uncovered open poertron increasing to 173 lole. Spot Nov expires at noon on Thursday, roports CCST Commodities.

80.05 75.90 73.20 72.30 72.00

CRUDE OIL [21GHT] 42,000 US gallona, S/barrel

GOLO 100 troy oz. 5/troy oz

Yesterday's Previousi Susiness Month close close done

Nov..... 125.40 127.40 116.7-115.4 Feb 100.10 100.70 108.1-98.80 April... 101.50 108.30 13.4 June... 99.00 100.20 83.90-86.50 Aug.... 98.50 99.00 88.50 86.56 Oct ... 105.50 104.00 168.5e

Sales: 85 (30) lors of 50 carcases.

J.250 kg.

MEAT COMMISSION—Average latarock prices at representative rearkets.

GB—Canle 94 26p per kg kw (~0.01),

GB—Sheec 150:36p per kg ast dcw
(~0.49), GB—Pige 83.14p per kg kw
(~0.49).

POTATOES

The resident opened 40p-E1 higher following heavy weakend frosts giuino nae to feare of dereage to crop still unlifted. "Clearence figures released week in errears thue extent at possible damage so fer difficult to usees. After an initial rally the market drifted bask to unchanged on distant positions in very thin volume, with selling resistance groded by close, reports Coley and Harper.

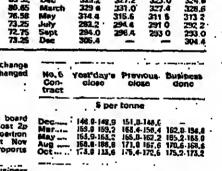
Yesterday's Pravious Business Month oldes close done

£ per tonno Sales: 134 (315) lots of 40 tonnes.

SOYABEAN MEAL The merker opened 50p higher industries T. G. Raddick Prices remained exactly through arron

Sales: 63 (846) lots of 20 tonnes.

LONDON DAILY PRICE—Raw suger \$144.50 (£100.00); up \$7.50 (up 50p1 a torne for November-December delivery. White suger. \$178.50, up \$2.50. Fresh buying from Coremission Nouses enabled the merket to held enter the om-weekend gema, reports Official Corests.



HOHEY

Salee: 3.190 (3.936) lots of 50 Salee: 3.190 (J.530) rus 5.

Tate 8. Lyle delivery price for granulated basis sugar was £205.00 (same) a tonna for export.

Joternational Sugar Agreement—(US cants per pound lob and stowed Caribbean ports). Prices Jor November 1: Oaily price 5 67. (\$.45): 18-day swerage 5.08 (5.04).

Treding in the crude oil market was thin, with Japan closed and just a couple of active sellers in the Brant reskel. The new IPE Brant contract treded thinly at prices a intile above the physical market.

CRUDE OIL-FOS (6 per barrel)-Nov. CRUDE QIL—FOB (6 per barrel)—
47ab Light — 97.56 27.75
47ab Neavy — 25.56 35.85
Dubai — 25.56 35.85
Dubai — 25.50 35.85
Brant Blend — 25.50 25.10
W.71. 15.pm est: 38.19 30.29
Foroados (Nigeria) 29.25.29,55
Urais (cif NWE) — 27.70 21.89

Premium gasoline... 273-276 Gas Oil 267-268 Neavy luel oil 136-150 Naphtha 246-648 December Petrojeum Argus estirentes GAS OIL FUTURES

CRUDE OIL FUTURES (2run blend index 5 a barmil: (Mente, bidlaek, high-low) 06c 28 58:28.70, 28 25/28 70, 24 27.27 52 8 06:27.80 Fub 27 23:27 28, 27 47:27 35 March 26 55/26 00, 26 50/26 50, May 25 20/26 50, 26 50/26 50, May 25 20/26 20, 26 15/26 15, Turnover: 128 lare et 1,000 barrela.

LONDON'S NEW crude oil futures market got off to arelatively quiet start yesterday. Only 129 fots of 1,000 barrels

each were traded in the Brent blend contract launched by the International Petroleum Exchange but Mr Michael Bowers. the exchange's chief executive described this as "an encouraging start." He said the low volume level and narrow price range's yesterday reflected very quiel cooditions on the physical market. The tin crisis, which is casting a shadow over all London commodity markets, will not

ing in the spring of 1984.

Yukon mine plan angers Canadian zinc producers

BY BERNARD SIMON IN TORONTO

CANADA'S ESTABLISHED zinc producers have launched a strong protest against government plans to provide financial support for reopening the large For zinc-lead mine in the Yukon, The mine, which accordingly the support for a rescue package to help yukon. The mine, which accordingly for a rescue package to help yukon. CANADA'S ESTABLISHED a strong protest against govern-ment plans to provide financial support for reopening the large Foro zinclead mine in the Yukon. The mine, which accounted for 3 per cent of the west's zinc output in the late 1970s, is scheduled to resume operations by mid-1986. Its annual production capacity is about 300,000 tonnes of zinc and 200,000 tonnes of lead.

Noranda and Cominco, the two largest producers, have voiced strong opposition to the reopening of Faro at a time of substantial over-capacity in to reach world zinc markets. Noranda of 1986. The new contract replaces north America last week from 38 to 35 US cents a pound.

The debt-Isden Calgary Oil

TEA prices were generally little changed at yesterday's weekly London auction. Quality and medium grades both sveraged the same prices as last week st 175p and 139p a kilo respectively, while low medium grade was 2p dearer at 104p a kilo. There were 30,792 packages on offer invluding 1,600 in the offsbore section.

The debt-Isden Calgary Oil Company Dome Petroleum recently sold its 87,5 per cent interest in the Faro mine to a new company headed by Mr Clifford Frame, former president of Denison Mines, the Toronto-based coal, potash and uranium producer. Mr Frame claims that the mine is viable st o zinc price of 27 cents a pound. The debt-Isden Calgary Oil

alleviate unemployment in the territory.

The severe weakening in the price of zinc has resulted in Canada's Corporation Falconbridge Copper (CFC) suspending the development of its C\$52.5m (£26.7m) underground Winston Lake mine near
Schrieber in north-western
Ontario, writes Kenneth Marston, mining editor. It was due
to reach production by the end

WAREHOUSE STOCKS
(Changes during the week ending last Friday)

	(tomes)
Aluminium Copper Lead Nickel Tin Zinc	+5,225 to 212,025 +2,075 to .196,356 +2,925 to .46,275 -1,054 to .4,277 +905 to .38,495 -525 to .39,150
	(onuces)

Rubber buffer stock talks begin

THE 33-MEMBER International Natural Rubber Organisation (INRO) council of producers and consumers began a threeday session here yesterday on buffer stock issues, reports Reuter from Kuala Lumpur. Delegates opened discussions on the buffer stock manager's report on the stote of Inro's estimated 370,000-tonne buffer

Today the council is expected to discuss the finencing of Inro's contingency buffer stock of 150,000 tonnes, which comes into effect after the 400,000-tonne normal buffer stock ceiling is reached.

ing is reached. Consumers have already pledged to finance contingency stock purchases in cash, while producers bave yet to disclose how they intend to finance purchases, delegates said.

Producers were expected to

respond by the end of this session after studying an Inro secretariat report The report indicated that

banks preferred (o provide loans to producers on govern-ment guarantees rather then on rubber stock warrants by them in the Inro buffer stock.

+32,000 to 53,694,000

Hay making dissolves into a mess

WHEN I drove through Northern England to Scotiand in mid-October the fine westher we had enjoyed in the South was creeping up with me, en-sbling farmers to clear up their barvests and make a start on sowing next eeason's crops. On my way South last week, I saw just one combine harvester still at work on high ground in the Scottish borders and most of the straw was baled and carted. Formers have made great

efforts to conserve more winter feed and on almost every farm there were stecks of buge black polythene bags into which hay baled green wer inserted in the belief that it would be preserved as silege. Thie technique ie becoming common in the south of
England and those who use it
tell me that it works well if the port costs to the consuming

Farmers have bad to try to salvage something from the mess into which their hay fields were battered by the appalling late summer westher. So eager were they that at one time these lete summer westher. So eager were they that at one time these bags were unobtainable ond farmers were reported to have come to blows at distributors' premises. In many areas of the north and the west farmers have made no hay and the silage they hod secured earlier was too wet to be adequate feed. The dry weather of the last few balance it with compounds and other purchased feeds. Scottish to moke use of their pastures. to moke use of their pastures, farmers are hopeful that the which were previously being Minister of Agriculture's men-

trodden into quagmires.

This has led to on extravation of special belp for bard bit farmers will be implemented. They have traditionally relied which can only be supplied from the eost and couth of make it in the difficult areas. England. There was even CanThe bod weather bae had problem is that the tendency adian hay being offered in 60me ecocomic effects already. In these areas has been towards Grangemouth at £150 a tonne to
I was told that the lowlond improving the grazing quality which must be added the trans
farmers who normally buy store of the land which means that

Farmer's viewpoint: by **John**

Cherrington

to buy.

It is ironical that the cattle and sheep which f saw in the more Western areas of the bighlands and islands looked better then I bad ever seen

cattle to fatten from the bille materiol is young and properly areas. One farmer to bring bis have been nothing like such wilted. For loter cuts no amount of chrouding will improve the quality. In some cases it could even spoil the fodder further.

The strong have had a transfer from the bile bave been nothing like such been buyers os usual with the cost that the traditional beef crossbreds have been much chapter to buy.

This would seem to be a sensible opproach but the prob(em is that the tendency

In theory things should not be too desperate. Although bay and silage is scarce there is a surplus of grain in the country at prices less than some farmers are paying for hay. The problem is that ruminont animals need roughage to keep

animals need roughage to keep their rumins working and that is usually provided by hay, even poor quality hay. One hill harmer of my acquaintance told me that be bad bought no hay for some years. He fed them cereals alone and left them to forage for the roughage on the hills where there was heafter, coarse grass and even reeds and rushee, which they would eot when they bad finished their corn.

This would seem to be a

the heather and other rough ages are gradually eliminated. Heather is a good feed for hill sheep but it needs very careful msnagement in cyclical burning and controlled grazing
which is too slow for the
modern farmer.
There are these who claim
that the poorer lands in
Britain should not be farmed

at all but devoted to amenity or to forestry. But whether this would provide an economy which could support o rural community of any size is questionable. The Crofting Act of the last century, which eovisaged small-bolders with o little (and, some bill grazing and fishing to eke out their incomes, was one

attempt to solve this problem. But it did not really work because the boldings were too small and the lead too poor. Generaly these days the crofts look a mess and the crofters themselves often sell their bouses as ballday bames. f did find one euccessful crofting area, bowever, f met the contented young wife of a crofter on St Columba's island of fons. The individual crofts were well fenced with stoce wells or good postern wire. Their grassland between the rock outcrops was as good as

land. Their oot crop bad been safely gathered in without harm and the last of the bay wee being baled that day. The sbeep had sold well The speep had sold well in Stirling. I asked if the craft provided o good living. "Yes," speep replied, with a bit of fishing it was all right. And judging from the general oppearance of the steading I believed ber. But like her hoshand she had been horn to it.

band she had been born to it, and bad never wanted what we would call economic progress.

anything I bave seen in Scot-

CURRENCIES, MONEY and CAPITAL MARKETS

FUTURES AND

POUND-S (FOREIGN EXCHANGE)

IMM-STERLING Se per E

DM125,000 S per DM

Close High 0.3864 0.3876 0.3894 0.3892 0.3924 plume 81 (3)

OPTIONS

Prices

FOREIGN EXCHANGES

Dollar continues to fall

The dollar closed at its lowest level since March 1885 against the Japanese yen yesterday, against the Japanese yen yesterday, against the yen it finished at yen, while showing reacting to faars of further central bank intervention. Comments by Mr Karl Otto Poehl that the Bundesbank was not cootemplating a rise in West German interest rates to match a receot rise in Japanese rates and that there was no formal agreement. hy Mr. Karl Otto Poehl that the Bundesbank was not cootemplating a rise in West German interest rates to match a recent rise in Japanese rates and that there was no formal agreement between the G5 banks on interest rate policy appeared to have little initial effect on the market.

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-T35 A

The dollar did recover from the day's lows but the overall tone remained bearish. In addition to the threat of central bank intervention, there were growing faars that the US authogrowing faars that the US authorities would soon reduce interest rates especially if revised GNP figures showed the economy to be growing at a slower rate. Dealers also noted this week's meeting of the Federal open market committee but tended to agree that a cut in the US discount rate was more likely to occur towards the end of the year.

POUND SPOT-FORWARD AGAINST POUND

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Nov. 4 DM YEN | F Fr. | S Fr. | H Fl. | Lina | CS | 8 Fr.

£. J. 1.441 3.740 298.5 11.40 3.078 4.920 2522 1.974 25.66 5 0.694 1 8.566 207.8 7.915 8.136 2.928 1750 1.570 08.50

GM 0.267 0.485 1, 80.01 3.048, 0.823 1.188 674.3 0.526 20.85 YEN 3.342 4.815 18.50 1000. 36.10 10.28 14.10 6487. 6.668 252.6

C8 0.506 0.730 1.894 101.6 5.774 1.559 2.137 1277 1 38.38 8 Fr. 1.388 1.906 4.944 396.6 16.07/ 4.066 5.578 3335 2.310 100.

EURO-CURRENCY INTEREST RATES

0.257 0.241 0.866 70.91 2.701 0.729 1. 597.5 0.468 17.93 0.397 0.571 1.483 118.7 4.521 1.830 1.673 1000. 0.783 50.00

pul fy per 10: Line per 1,000: Belg Fr per 100.

EXCHANGE CROSS RATES

Nov. 4 Prev. close 2 Shot \$1.4395 4405 \$1.4435 4436 1 month 0.45 0.43 pm 0.44 0.43 pm 1 months 1.28 1.24 pm 1.30 1.27 pm 12months 5.80 5.70 pm 4.05 6.56 pm Forward premiums and discours to the U.S. dollar

it slipped to FFr 7.9125 from FFr 7.9425. On Bank of England figures, the dollar's exchange rate index fell from 129.4 to 129.0.

Close
1.4405-1.4418
0.43-0.40c pm
3.45 1.22-1.18pm
1.5739-1.5758
0.53-0.44c pm
3.45 1.22-1.18pm
2.85 1.54-1.39pm
2.85 1.54-1.39pm
2.85 1.55-1.39pm
2.85 29-50pm
2.87 29-20pm
2.85 29-50pm
2.85 29-50pm
2.85 29-50pm
2.85 29-50pm
2.87 29-20pm
2.85 29-50pm
2

up just 5 points from Friday, but eased to DM 3.7400 from DM 3.7400 from DM 3.7525 and Y299.25 compared with Y300.75. Elsewhere it fell to SFr 3.0775 from SFr 3.08 and FFr 11.4000 from FFr 11.4425.

D-MARK --- Trading range against the dollar io 1985 is 3.4510 to 2.5960. October average 2.6443. Exchange rate index 128.2 compared with 119.7 stx months

ago.

Late short coverion mainly out of the US helped the dollar to finish close to its best level of the day against the D-mork. Dealers- also noted this week's meeting of the Federal open marker committee but tended to agree that a cut in the US discount rate was more likely to occur towards the end of the year.

The dollar closed at DM 2.5960 against the D-mark, its worst closing level since March 1984 and well down from 2.6050 on

CURRENCY MOVEMENTS

1980-1982-100. Bank of England index (base average 1975=100).

CURRENCY RATES

p.4. months p.4.

3.46 1.22-1.18am 3.34

1.71 0.76-0.50pm 2.10

1.71 0.76-0.50pm 2.10

1.83 1.83-1.34pm 1.85

-0.57 7.10dis -0.56

-1.12 1.12-2.4dis -0.85

3.31 2.10-2.05pm 3.20

-15.79 450-1050d -18,58

-4.52 210-290dis -0.15

-5.74 24-25dis -5.59

4.22 82-25dis -4.58

4.31 3.30-3.60d -1.74

-3.82 124-72-dis -6.39

0.61 0.21-0.17pm 0.37

2.22 102-90m 2.03

4.06 2.80-7.85pm 3.52

Forward pyendums and Sterling - 0.748640 0.589856 U.S.S. 712 1.07719 0.851307 Canadian \$, 8.78 1.18459 Austria Sch. 4 10.6338 1.24631 Belgian Fr. 0 56.6387 44.7832 Canish Kr 7 10.1883 2.01080 D mark. 4 2.74632 Austria Sch. 4 10.6538;
Beigen Fr. 0 56.638?
Danish Kr. 1 10.1283;
D mark. 4 3.79422;
Guidder 5 5.16401
French Fr. 919; HAA
Lira. 3194; HAA
Norway Kr. 8 8.4098;
Spanth Pta. 171.661;
Swest Fr. 4 2.29388;
Grook Or'ch;
Irish Punt. NIA 0.

OTHER CURRENCIES

0.585 0.466 1.818 07.24 3.704 1. 1.471 010.4 0.648 24.58

9.00 am 10.00 am 1.00 pm 2.00 pm 3.00 pm

EMS EUROPEAN CURRENCY UNIT RATES

±1.5425 ±1.6421 ±1.1455 ±1.3654 ±1.5162 ±1.6673 ±4.0856 0.12857 2.23840 3.86402 2,52208

MONEY MARKETS

B.Fr.(Fin). Br.Fr(Con

UK rates little changed

Long-term Eurodollers: two years 9%, per cent three years 9%,9% per cent; four years 9%,10 per cent; two years 9%,10% per cent nominal, Skort-term mose are call tor U.S. dollars and Japanese yen; others two days' notice.

Trading was rather quict and uneventful in the London money market yesterday. Three-month interbank mocey was quoted at 11½-11½ per cent, unchanged from Friday whils three-month eligible bank bilis were bid at 11½ per cent, also unchanged from Friday. Overnight money opened et 11½-11½ per cent and dipped to 11½ per cent before reaching a high of 13 per cent.

The Bank of England forecast

The Bank of England forecast e shortage of around £700m with factors affecting the market lociuding maturing assistance and a take up of Treasury hills together draining £1,001m and the unwinding of previous sale and recorchase agreements a the unwinding of previous sale eod repurchase agreements a further £317m. In addition banks brought forward baleoces £155m below target. These were partly offset by Exchequer transaction which added £465m and a fall in the note circulation of £336m.

The Bank gave assistance in the morning of £164m through purchases of £3m of eligible bank bills in band 1 at 11‡ per-cent, £101m in band 2 st 114s per cent, £25m in band 3 at 11‡ per cent, £25m in band 3 at 11‡ per cent and £35m in band 4 st 11st per cent

The Bank gave assistance in the afternoon of £438m compris-

ing purchases of \$42m of eligible bank bills in band 1 at 111 percent, £15m of Treasury hills and £254m of eligible bank bills in band 2 et 114 per cent. In band 3 it hought £21m of eligible bank bills et 112 per cent and in band 4 £28m of local authority bills and £78m of eligible bank bills all at 114 per cent. Late assistance came to £75m, making a total of £677m. a total of £877m. The Bank also announced the rate for its latest temporary facility to commercial banks as

11 A 1150 12 A 1156 11 A 115 1

NEW YORK RATES (Lunchtime)

Two year

MONEY RATES

Ov'r nig't Month Frankfurt.

11ii per cent. The agreement which was to mature yesterday, bas been rolled forward to December 9. UK clearing banks base lending rate 11; per cent since July 30 In Frankfurt the Boundesbank anounced terms of 0 two tranche repurchase facility, designed to inject further liquidity into the money market. The shorter facility—with a life of 28 days—carries o rate of 4.55 per cent and the longer 63 day agreement 4.65 per cent. Results of the tender will be made known today and funds allocated tomorrow, coinciding with e maturing DM 11.8bn two FT LONDON INTERBANK FIXING

Six monthe U.S. dellars (11.00 a.m. Nov. 4) Three months U.S. dollars offer 8 Lis blet 7 15/18 . offer 8 1/76 five reference banks at 11 s.m. each working day. The banks ere Netiona Westminater Bank, Bank of Telsyo Dautsche Bank, Sanqua Nationale de The fixing rates are the entirentic means, rounded to the meanest one abtreenth, of the bid end offered rates for \$10m quoted by the market to

LONDON MONEY RATES | 114-15 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-116 | 114-1 Interbank...... Starling ODe...

Treasury Sills (asil): one-month 11½ per cent: three-months 11½ per cent. Bank Sins (sell): one-month 11½ per cent: three-months 11½ per cent. Treasury Sills: Average tender rate of discount 11.1373 per cent. ECGO Fused Finance IV: September 4 to October 1 (inclusive): 11.597 per cent. Local authorny and Finance Houses seven days notice, others seven days fixed. Finance Houses Base Rate 12 per cent from November 1 1865. Sank Descrit Rates for summa 21 seven days notice 0.25-8.025 per cent (nest). Certificates of Tax Deposits (Bares 8): Osposits £100,000 and over told under one month 11½ per cent; cent; three-six menths 11½ per cent; cent; three-six menths 11½ per cent. Seven seven days notice 11½ per cent. Under £100,000 10½ per cent from October 2. Osposits held under Series 5 11 per cent. Deposits withdrawn for cash 7½ per cent.

LONDON Dec 78-21 78-26 78-13 78-24 March 77-10 77-14 77-08 77-12 Est. Volume 2,585 [2,637] Pravnous day's open int. 4,667 (3,960) 20-YEAR 12", MOTIONAL GILT 250,000 32Nds of 100". Citosa High Low Prev
Dec 113-01 113-14 112-29 113-07
March 113-02 113-10 113-15 113-09
Sept 112-03 — 112-09
Est. Volume 3,101 (3,027)
Previous day's open int. 5-203 (5,126)
Basis quote [clean cash price of 137-%
Traseury 2004/02 lests equivalent price of near futures contract) —5 to +4 (32nds). CHICAGO U.S. TREASURY BONDS (CBT) 3% \$700.000 22nds of 108% High 78-25 77-14 76-06 75-96 74-066 Low 78-13 77-02 75-30 74-29 73-29 Gilts commanded the most attention on the London International Financial Fotures Exchange, in otherwise featureless trading yesterday. The December long gilt opened firm at 113-09, and met with buying interest from jebbers. The early strength of sterling against the dollar pushed the contract to a peak of 113-14. Later weakness followed a slight trimming of the Government brokers price, to sell top stock in the cash morket. This, coupled with a weaker pound and a decline in US Treasury bood prices, took long gilt futures down to a low of 112-29, before closing et 113-07 previously.

Short gilt futures remained quiet, with December delivery finishing unchanged at 98-00.

Three-mooth sterling deposit futures also diffed atmissiv. Close High Low Previous 98-00 98-04 97-58 98-00 March 98-13 Est, Volume 182 (747)
Previous day's open mt. 1,647 (1,713) U.S. TREASURY BILLS (MAM) Sim points of 100"; THREE-MONTH STERLING Close High Low Prev
Den 138.60 139.45 138.00 138.85
March 140.18 139.90 139.80 140.35
Et. Volume 283 (472)
Previous day's open int. 1.882 (1.830) THREE-MONTH EURODOLLAR \$1m points of 100% 91.14 LIFFE-EURODOLLAR OPTIONS STm points of 100%

quiet, with December delivery fioishing unchanged at \$8-00.

Three-mooth sterliog deposit fulures also drifted almiessly, rising to a peak of \$8.60 on the strength of the pound, but falling back, partly op profit taking, to a low of \$8.53. The contract closed unchanged at \$8.55.

Dollor decominated contracts were dull, suffering from a lack of market moving news. No major US economic statistics are due for publication until November 14, and this week's MI money supply figures are oot expected to show much change. The Federal Opeo Market Committee meets this week and dealers will keep a close watch on the Federal fuods rats, to see whether there is any sign of an easing lo mooetary policy by the US central bank. With MI still above target an immioent cut in the Fed's discount rate is oot expected, but dealers suggested it may occur before the end of the year, as part of the measures designed to weaked the dollar. Three-mooth Eurodollars for December began of the day's high of \$2.06, and met with selling, taking the contract down to a low of \$2.00. Vol 1889 March 0.10 0.46 1.12 2.32 4.21 e.86 10.23 0.00 0.00 0.01 0.17 1.00 3.26 7.06 Mel 91116 LONDON SE E/S OPTIONS E12,500 (conta per ET) Cells—Ls Merch 24.20 19.20 14.40 5.70 8.60 4.10 2.45 March 3,30 0.50 1.10 2.30 4,00 6.70 9.90 Vol. 1 1 1 8 24 Dec 0.10 0.13 0.26 0.25 1.10 3.25 7.20 24.20 19.10 14.70 10 60 8.10 5.40 3.60 Spot 1-mth. 3-mth. 8-mth. 12-mth. 1.4410 1.4369 1.4290 1.4183 1.4033 Latest High Low Prev 1,4336 7,4380 1,4295 1,4376 1,4220 1,4266 7,4180 1,4256 1,4135 1,4140 1,4090 1,4156 Dec 1.4336 7.4380 1.4295 1.437
March 1,4220 1.4295 7.4190 1.425
June 1.4135 1.4140 1.4090 1.415
LIFFE—STERLING £25,000 \$ per £

PHILADELPHIA SE E/S OPTIONS E12,500 (cents per E1) Puts—Last March 2.00 4.05 1.65

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E WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies an November 4, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied,

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (8k) bankers' rates; (cn) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (bc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY CURRENCY VY LUE OFFE VALUE OF & STERLING COUNTRY 13.5628 3.83 11,4000 1,4410 1,4410 33,61 245,92 5,9890 exe(A)20,058.7 26.Q5 E. Caribbean Local Franc U.S. 8 Quetzal 2,4750 814.54 2,1173 26,3056 283,75 1,4410 0,5430 7.21 8,89 11,2160 5,2430 11.4000 69,6350 (N:C) 10.47 l Krona ind. Ruper Ruplah 17.10 1,618.49 123.40.49 0.4485 1.2093 2,144.0 8,521.78 e70.0 Ruplah Riai Iraqi Dinar Irlah £ Shekel B. France 3,50 1,0 3,89 11,4000 3,89 1,4410 2,521,75 60,88 Lira Q.F.A. Franc (o) 108,187,8 Saudi Arabia... Senegai...... Seyaholles.... Sierra Leone ... Singapore Solomon islan 070.0 0.60 (0) 7.60 3.0483 2.0381 02.80 3,7140 229,86 Brunel \$ Lev C.F.A. Franc Kyat Burundi Franc 370,0 1.9744 229.96 188,77 1.2045 870.0 859,03 859,03 570,0 570,0 C.F.A. Franc New Kip Lebanese £ Maiuti Liberian S 50.49 2e.62 3,7140 1,4410 0,4270 8,0775 75,ee 029.86 59.00 3.01 2.87 3.7140 11.9600 5.0778 (A) (T) 0.0 Syrian £ Portuguese Est MG Franc 37.83 83.75 57.35 e70.0 New Yaiwan 8 Tan. Shilling Baht G.F.A. Franc (U) 75,66 1,8430 0,8025 (loom) 9,25 7 n/o 13,10 18,66 15,5695 280,0 3,89 ((o) 1,4410 10.17 070.0 0.6860 11.4000 110.94 Pa'anga Trinidad & Tob \$ Maitese Lira Lacal Franc Ougulya M. Rupse ... Danish Kroner ... Dijibouti Franc ... E. Caribbean & 20,80 (F)708,46 {(G:461,09 11,4000 1,4000 4,84 3,89 14,20 (sg) (A) 60,59 (0) 1.4410 4.55(7) (0) 187.74 (F) 170.46 Maxico. Mexican Peso 960.0 Local Franc Franch Franc 1,4410 180,55 8,2848 1,1837 U,S. Dollar Mongoll: Montser . Egyptian £ 5,7140 9,1170 20,40 4,2200 S.A. Rend Austalian , (4) 6,20 10) 10,82 (10) 20,93 (0) 134,85 1,4410 Cordoba C.F.A. Franc IA) 3.0250 (AI 10,08 0,4050 496,5812 75.6530 9.00 8.4100 (345<u>.24(10)</u> (999,75(7)†

How one officie(rate. (1) Espential goods. (2) Preferential mto for effority imports suck de I essential imports. (5) Praidien hal mto. (3) Frac rate for luxury imports, remitances of mensy abroad : ices of loreign money by Egyptians working acrost. (0) Sankhets rates. (10] Rate for exports. (14)

pank of Scotland Money Market Cheque Account.

AMERICANS-Cont.

Financial Times Tuesday November 5 1985

THE CALL PROPERTY AND ADDRESS OF TRUSTS—Cort.

| Final Cort. | Financial Times Tuesday November 5 1985 MINES—Continued | 175 | 170 | Mars Corp SA 51 50 | 121 | 1875 | Mars Ann Cost 50 | 111 | 1890 | Anglo Amer Lik | 179 | 1311 | 4800 | Anglo Amer Lik | 179 | 1311 | 4800 | Anglo Amer Lik | 179 | 1311 | 4800 | Anglo Amer Lik | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 | 1871 Finance 1314-44 01322 10 86
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CPI Heig: 43
Carrol Inda. 239
Debte Gas. 25
Heil R & H. ... 66
Heton Hides. 21
Irish Ropes. 45
Undare 112
For Jacob IW & R.) see Foods "Recent Issues" and "Rights" Page 38 (International Edition Page 36) This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per assum for each security.

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Dank of Scotland Money Market Cheque Account. A FRIEN

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*First Declara- Last Account Dealings tlons Dealings Day Oct 28 Nov 7 Nov 2 Nov 18 Nov 11 Nov 2t Nav 22 Dec 7 Nov 25 Dec 5 Dec 8 Dec 16 rew-time dealings may tent place from 9.30 am two business days earlier.

A hour of pro8(-taking midway stifled eothusiasm in the Loodon suned cothusiasm in the Loodon equity houses! Mat a promising carly move higher on the back of Wall Street's brilliant performance oo Friday was thwarted, although the undertooe in most areas of the market remained very firm.

very firm.

Bullish views on the outlook for both inflation and interest rato treods worldwide were incentives to potential buyers who focussed their atteotioos on coosumer-related stocks. These included leading eharee raogiog from Store and Food Retailers to Breweries. ICI traded briskly again and closed bighor but several receotly-favoured Building issues came under selling pressure as ebort-term holdere took the opportunity to establish

U.S. bond markot influences togother with a firmor pound eocouraged revived support of Government securitles. Amid talk of a large uncompleted overseas buyer of stock, the authorities sold supplies of the two receedly-created tranches of Treasury 9½ per cent 1999, at 97½, and Conversion 9½ per cent 2005, at 95, remaining a seller at each level. The absence of any cut lo the key US Federal Discount rate, which had been stroogly mooted towards the end of last week, failed to dampen the market's bottor mood ahead of the latest mooey supply and

Midland fell 10 m 441p on profittaking in the absence of the widely-rumoured bid from BP. Other clearers also gave BP. Other clearers also gave ground, sentiment not helped by Mexican debt uncertainties created by the sbarp fall in the peso. Lloyds gave up 5 at 448p, after 443p, while Barclays closed the same amount easier at 413p. NatWest softened only a coupie of pence to 681p. Merchant banks

EQUITY GROUPS

& SUB-SECTIONS

Electricals (13)
Electronics (39)
Mechanical Engineering (61)

Metals and Metal Forming (7).

Newspapers, Publishing (LI)... Packaging and Paper (L3)... Stores (42)

FINANCIAL GROUP (114).

Merchant Banks (11)... Property (51)... Other Financial(23)....

Investment Trusts (107) Mining Finance (3).... Overseas Traders (14) ... ALL-SHARE INDEX (738)

FT-SE 100 SHARE INDEX ...

PRICE INDICES

2 5-15 years .

3 Over 15 years

FIXED INTEREST

133.45

110.46

Textiles (16)... Tobaccos (3)... OTHER GROUPS (98) . Chemicals (18) Telephone Networks (2) INDUSTRIAL 680UP (482).

Motors (17)

Motors (17)

Other Industrial Materials (20)

CONSUMER GROUP (177)

Brewers and Otstillers (23)

Food Manufacturing (22)

Food Retailing (14)

Health and Household Products (9)

Leisure (24)

close higher for fifth day in a row attracted a selective demand.
Mercury Securities advanced 15
to 605p as the merger with stockjobbers Akroyd and Smithers
oears completion; A & S firmed
5 to 455p. Leopold Joseph put
on 10 to 285p as did Kleinwort
Benson to 545p. Among Hire
Purchases, Woodchester, in
which Gartmore Information and

Figancial Trust bolds a 7 per cent stake, rose 5 afresb to 125p. cent stake, rose 5 afresh to 125p.
Insurances closed firmor throughout. Lifo issues were occuraged by 200d oew lifo business statistics for the third quarter of 1985. Pearl ended is to the good at 823p. Legal and General improved 5 to 712p and Equity and Law put on 8 at 283p. Geoeral Accident rose 8 to 703p io respoose to a broker'a recommendation among Composites where Commercial Union appreciated first 258p.

The drioks eector was agaio dominated by Distitlers: down to pressure as ebort-term holdere took the opportunity to establish sizeable profits.

Other blue chips were cooteot to consolidate tho gaioe made over the past few sessione, comforted by expectations that values would surge forward again before the current trading Account ends at 3.30 pm on Friday. Mexican debt worried dogged financial stocks, in particular the main cloaring banks because of their exposure, but the resulting losses in prices were modest. Also moderate were the Interday finctuations in the two main.

oxposure, but the resulting losses in prices were modost. Also moderato were the interday fluctuations in the two main indices; the FT-SE 100 share iodox moved between 1.383.1 and 1.375.2 before closiog 1.9 up on balaoce at 1.380.9, while the FT ordinary index ended 0.5 highor 21 1.071.1, both levels being record closiog highs.

U.S. bound markot influences togother with a firmor pound eocouraged revived support of Government securities. Amid talk of a lerge uncomploted overseas buyer of stock, the authorities sold supplies of the two precently-created transhes of the two pseudostations and the two processes are the transfer of the two processes and gave up the two processes are the two processes and the two processes are two processes are the two processes are two processes are the two processes are Holdiogs last 10 to 238p in the absence of any bid devetopments. In contrast, French Kior continued to rally and closed 4 better at 212p, while John Mowlem, stimulated by a "cbart buv" signal and bopes connected with the company's proposal for a third Dartford Tunnel, gained 10 to 338p 10 to 336p.

of last weok, failed to dampen the market's botter mood ahead of the latest mooey supply and banking statistics; these are schoduled to be announced at 2.30 pm today.

Midland lower

Midland lower

Midland fell 10 m 441p on profittaking in the absence of the widely-rumoured bid from BP. Other clearers also gave

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times,

the Institute of Actuaries and the Faculty of Actuaries

Mon Nov 4 1985

Gross Div. Yield % (ACT at 30%)

Est. P/E Ratio (Net)

+0.03 119.56

+0.11 133.29

110.45

139.15 +0.11 | 139.03 |

149.95 +0.27 149.55

131.22 +0.09 131.11

114.33 +0.04 114.29

83.47 -0.03 83.50

5.77 14 Pre BRITISH GOVERNMENT INDEX-LINKED STOCKS FINANCIAL TIMES STOCK INDICES

	Nov. 4	Nov.	Oct. 31	Oct. eo	Oct. 29	Oct. 28	year year
Government Secs	83,93	83,83	83.98	84.04	83,64	83.60	82,64
Fixed Interest	89,64	89,57	89,64	89,59	89,48	89.52	85,23
Ordinary	1071,1	10708	1069,1	1057.3	1061,3	1048,5	803.1
Gold Minos	922,9	937,9	245.0	846,6	248,4	a52 ,e	524,9
IIrd. Div. Yield	4,48	4.48	4,42	4.51	4,54	4,59	4.72
Earnings, Yid. Syfull.	10.22	10.97	10,92	11,04	11.12	11,23	11,25
P/E Ratio (net) (*)	11.26	11.27	11.95	11,19	11,11	10,99	10,67
Total bargains (Est.)	25,461	24,333	95, 103	24,418	24,372	24,219	18,307
Equity turnover £m.	_	549,57	578,32	576,57	499.57	441,57	260,22
Equity bergains	-	24,321	24,933	24,954	22,648	26,277	19,536
Shares traded Imp	_	232,4	269,3	301.1	240,8	230,7	141.5
♥ 10 am 1073	5, 11	am 1069	.1 No	on 1067.:	- — 3. 1 pt	n 1068.2	<u>.</u>

2 pm 1069.1. 3 pm 1069.3. 4 pm 1070 0. Oay'n High 1074.1. Oay's Low 1067.3. Basiz 100 Govr, Secs. 15/10/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Minns 12/9/55. SE Activity 1974. Lates: Index 01-246 8026

> *Nil = 10 86. HIGHS AND LOWS

S.E. ACTIVITY INDICES

Pressac which gained 6 more to

With the exception of Hawker, which drifted back 6 to 421p, after recent firmness, leading ongineers ebowed little alteration. Elsewhere, nationalisation compensation hopes left Vesper 18 in the good at 222p in 2 limited market, while Press mention 6timulated revived interest in Woodhouse and Risson, 2ffirmer at 41p. Following news that shareholders had backed the board'e purebase of a 14.7 per cent stake in TI, Evered eased 5 to 231p. TI lost 6 to 404p. Wire and Plastic fell to 153p following the interim figures, but railied smartly to close 4 dearer on balance at 178p.

Cadbury Schweppes provided a firm and activo feature in the

Food sector, touching 153n op US bid hopes prior to closing 2

not 4 up at 150p. Rowntree. Mackintosh, another of the

sector'e takeover favourites,

settiod 4 higher at 402p, after

408p. Associated British Foods touched 272p following interim

unchanged at 268p. The tin

markot crisis continued to

depress S. & W. Beristord, down

YESTERDAY'S

_	1985	Since Compilat'n	Nov	0ct.
	High Low	High Low Daily		
Govt. Secs.	84.37 78.02 18/10: (28/1:	127.4 49.18 Bargains		
Fixed Int	90.58 . 82.17	160.4 30.35 Value	. 107.0	
Ordinary		1071.1 49.4 Gilt Edged		, 128.1
Gold Mines	535.2 ; 222.2 (15/4) ; (4/11)	734.7 43.3 Bargains 15/2/83 (26/10/71) Value		
			j	

was also accompanied by vaguo suggestions that the group is contemplating selling the Hamsuggestions that the group is contemplating selling the Hamleys and Harvey Nicbolis retail outlots. Woolworth, up 47 last week, firmed 13 more to 595p and Bixous added 15 at 927p. Habitat Minthercare were also supported and closed 6 bettor 2t 516p. Elsewhere, Hinno Charm gaioed 9 to 348p in reply to Press comment and J. Hepworth improved a few pence to 226p. aftor 228p. ip anticipation of today'a annual results. E. Uptinn "A" contioued to draw strength from a receot investment recommendation aod added 4 afresh to 36p, while Andre de Brett improved a couple of pence to 22p for the same reason. Renewel profit-taking clipped 3; more from Goodman Bros, at 28; p.

Leading Electricals rarely strayed from previous closing levels. Elsewhere, Oxford Instru-ments featured with a rise of 44 at 393p in response to the bumper half-year figures, but poor interim results left Sound Diffusion 4 down at 41p. Profit-taking clipped 10 from Crystalate at 148p. Buyers, however, con-tinued to show interest in

Weds Oct 30

Among Hotels, Queens Moat Houses altracted good support and firmed 4 to 63p.

Whitecroft below best Inclined easier initially, most miscellaneous industrial teaders picked up to close luttle bettor on the day. Elsewhere, speculative demand took Whitecroft up to 1939 before a close of 6 higher on the day of 1869, but roff ading hopes of a bid prompted a reaction 8 to 248p in Cope Allman. Week-end Press mention encouraged further, demand for Marley which put on 5 more to 1099, but profit-taking after last week's good rise in response to the interim results left Reswick Group 10 lower at 300p. Cannon Street Investments were briskly traded following Press mention and touched 989 before settling 13 to the good on balance af 93p. British Aerospace turned easier and gave up 10 to 4489, but bid hopes continued to sustain Blandel-Permoglaze which put on 7 in 113p. News of the agreed share exchange offer from British Tar left Dufay Bitumastic 2 penny lower at 57p; British Tar eased 2 to 109p. European Ferries, the subject of persistont speculative activity for some time, eased 1½ to 155p.

Delyn Packaging bighlighted Papers, rising 12 to 108p following revived speculative buying ahead of the intorim results scheduled for November 15. Interim profits from Gents from Gents from Gents from Gents from Serviced the noteworthy movements to the Property sector. London and Edinburgh were belped by Press comment and rose 35 to 485p in 2 restricted market, while renewed speculative buying lifted Marler Estates 13 to 185p. Rosehaagh hardened 2 to 1090, Russenburgh ardened 2 to 1091 penny belegating today'e annual results and Stockley added 3 to 78p on takeover bopes. On the alterior resilient with absence of any bid developments.

Secondary issues again provided the noteworthy movements to the Property sector. London and Edinburgh were belped by Press comment and rose 35 to 455p in 2 restricted market, while renewed speculative buying lifted Marter Estates 13 to 185p. Rosehangh hardened \(\frac{1}{2}\) to 217\(\frac{1}{2}\) awaiting today'e annual results and Stockley added 3 to 78p on takeover bopes. On the other hand, profit-taking in the absence of any bid developments clipped 4 from Bairstow Eves 9t 113p.

Investors came for Courtands ahead of the interim results scheduled for November 19 and the close was 5 higher at 159p. Coats Patons also fared well with a similar improvement in 151p. Readicut reflected an investment recommondation with a rise of 2½ at 40½p.

Continental and Industrial Investment Trust, still reflecting vague talk of a possible bid from Liberty Lifo. rose 8 more in 650p. Elsewbere, Britannia Arrow improved afresh in a 1985 peak of 155p on hopes of a counter in Gninness Peat's unwelcome offer, but later reacted on light profitaking to close a permy easier at 152p. M and G dropped 20 to 850p, after 815p, in reaction to facts of the interior reflection of the interior refl Continental and Industrial Investment Trust, still reflecting vague talk of a possibile bid from Liberty Lifo, rose 8 more in 650p. Elsewbere, Britannia Arraw improved afresh in a 1985 peak of 155p on hopes of a counter in Gninness Peat's unwelcome offer, but later reacted on light profitaking to close a pemy easier at 152p. M and G dropped 20 in 850p, after 815p, in reaction to adverse comment. profits at the top of market estimates, but subsequently drifted off in the absence of follow-through demand to close adverse comment.

Oils cautious

The oil majors traded cautiously in the wake of reports Novomber 19. Operators also disthat OPEC was to consider played fresh enthusiasm for Imflexible prices and production perial Grono and Jaguar which quotas. Quotations opened a attracted 738 and 690 calls shade firmer for choice, but respectively. nowsletter recommendation Breakmato which climbed to 143p before closing

FRIDAY'S

CTIVE STO	CKS		ACTIVE	STO	CK:	5
ve everage activity	was r	oted in	Based on barge Exchange Office		orded i	
lock		Change	Slock	No. of changes 36	Fri. close 674	Change + 25
Circle	. 585	13	Gus A		883	+23
nnia Arrow	t 32	- 1	Srif Aerospace	20	455	+12
ah Aerospace	445	-10	Oistillam	20	465	+17
non Street inve	93	+13	Glazo	20	£14%	+ :
imercial Union	258	+ 6	Smith, Nephew	19	212	+ 2
- Alless	249	_ 0	Blidland Bank	10	454	_

Nosrk Nydro ... Thorn EMI Goodman Bros

Feb.

ecroft	41 186	+ 8	NaIWoo1	Bank	14	683	•
FURARE		ADT	IONE	EVC		NOF	=

- 50	ries	Vol.	Last	Vol.	Last	Vol. Last	, Stock
GOLD C GOLD O GOLD P	8340 8360 8300	Ξ	Ξ;	- 0		86 ; 14 52 7.30 10 , 8.50	5 525,80
			Dec.	Ma	rch	June	
SILVER P SIFL C C SIFL C C SIFL C C SIFL C C SIFL P	8550 F1,990 F1,225 F1,300 F1,300 F1,310 F1,320 F1,330 F1,383 F1,290	37 158 115 54 3 8	9.50 1.10 0.70 0.30	905 500	5.60 4.30 9	81 7.60 	\$619 FI.298.50
\$1FL P \$1FL P \$1FL P \$1FL P \$1FL P \$1FL P \$1FL P \$1FL P \$1FL P	F1.295 F1.305 F1.310 F1.510 F1.520 F1.325 F1.335 F1.333 F1.340	205 83 45 55 29 6	6.40 A 2.50 15.20 16.26.50 26.50 48.67.50 48.67.50		21.10	20 · 15	:
			lan.	A	er.	July	
ABN C ABN P AEGN P AH C AN P AKZO C AKZO P AMRO P DIST C GIST P	FI.340 FI.390: FI.100 FI.270! FI.270! FI.120: FI.120: FI.120: FI.120: FI.160: FI.280!	201 178 570 48 35 46 1063 567 183 159 90 299	15 4,80 3,80 5,10 4,50 2,80 2,70 2,50 9,60 9,50	241 189 505 206 4	8,50 6,30 3,80 7,60 5,70 3,90 4,40 29,50	4 4.80 2 2 165 5.80 17e 6.30 12 6 8 4.50	FL548 FL 100 FL275 FL125.80 FL87.80 FL243.50
NEIN C NEIN P NOOG O NOOG P KLM C KLM P NEDL C NEDL P NATN C NATN P PETR C PETR P	F1.120 F1.180 F1.80 F1.80 F1.80 F1.900 F1.170 F1.75 F1.75 F1.75 F1.6600 F1.5560	177 138 785 117 371 158 88 111 184 58	5.60 5.80 2 1.40 0.90 1.10 1.40 A 1.40 A 3.40 8		5.90 5.70 5.40 8.50 9.50 9.80 9.80 5 5 1 2.30 B		F1. 184_20 F1. 67.60 F1. 52.80 F1. 183_20 F1. 75.40 F1. 7090
PHIL G PNIL P PNIL P RO C RO P ROBE C ROBE P UNIL C UNIL P	FI.50. FI.45. Fr.60- FI.120. FI.77.50 FI.76- FI.360. FI.340	1098 834 491 483 — 550 117	1.60 1.20 3.30 5 5 — — 11.80 4.80	792 731 73 73 22 28	9.50 1.90 6.90 8.80 6.90 3 — 19 8.10	109 ; 8.40 10 4.60 12 11 A	FI.48.70 FI.158 FI.78.40 FI.362
TOTAL VOL	'NWE İM C	ONTR/	NCTS: 50, 8 = B/d	647 C=	Calt	P= Put	

drifted back to close a chade cheaper on balance. British Petroteum were finally 3 off at 560p. after 565p. Shell, with third-quarter figures duo on Thursday, also fluctuated oar rowly and firmed 4 to 63p.

Whitecroft below best Inclined easter initially, most miscellaneous industrial teaders picked up to close little bettor and Gas provided ao isolated firm feature amoog second-lioers, rising 10 to 110p on talk that the group was eet to operato the Emerald Field in the North Sea following agreement with Chevron. News of the sale of intorests in five North Sea blocks bigher on the day of 186p, but fading hopes of a bid prompted a reaction 8 to 248p in Cope Alfman. Weekend Press mention eucouraged further demand for Markey which part on 8 more

however, were restlient with RTZ only 5 off at 540p and Con-solidated Gold Fields 3 drawn at

figure falls as in Central Norse-man, 348p, and Gold Mines of Katgoorile, 455p: Courtanids highlighted business ip Traded Ootions, recording 1,500 calls, 836 in the January 140s, and 300 puts ahood of the interim results scheduled for

London-domiciled Financials

95 F.P. 7 11 108 27

— F.P. 9 10 7 6

185 P.P. 111 923 202

190 P.P. 111 122 | 98

160 | 90 5-12 94 52

1235 F.P. 111 135 125

188 F.P. 8 11 96 91

160 F.P. 8 12 170 160

95 F.P. 201 9 109 102

175 F.P. 1 11 76 70

120 F.P. 1 11 10 104

172 F.P. 9 11 173 70

194 F.P. 8 11 92 90

195 F.P. 11 172 70

180 I.P. 25 10 187 153

485 F.P. 8 11 100 90

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175 F.P. 111 192 178

160 F.P. 39:11 160 97

176 F.P. 39:11 160 97 Do. Warrante... 2788 2 | 213.0 3.6 8.6 3 | 3. 4. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6. 7 | 3. 6.

FIXED INTEREST STOCKS

RECENT ISSUES

EQUITIES

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RIGHTS OFFERS

KIGUIS O	rrens	
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Renunciation data usually lest day for dealing tree of stamp duty. S Figures based on prospectus estimates, g Assumed divided and yield. N Dividend and Yield hased on prospectus of other official estimates for 1986, a Federal otherwise Indicated. I issued by seader. P Offered holders of unitary three as a "rights." ""lesued by way of capitalisation. If Reintroduced, there are rights of the originalisation marges or takeover. If Albemant price. If Dealt in under Rule 515 (3). W Dealt in under Hule 515 (4) (a), I Units comprising 3 ordinary pheres and 1 wallant.

NEW HIGHS AND OPTIONS First Last Last Per Deal Deal Declare Settle-ings ings tion ment Nov 4 Nov 15 Feb 6 Feb 17 Nov 18 Nov 29 Feb 20 Mar 3 Dec 2 Dec 13 Mar 6 Mar 17 Fur rote indications see end of Last Last Former Services. **LOWS FOR 1985**

NEW HIGHS (142)

NEW HIGHS (142)
ORITISM FUNDS [11]
ENT. BK. & O'SEAS GOVT. STEC. RES. 17]
COM-WEALTH & AFRICAN LOANS [11]
ENANKS [17]
BUILDINGS [18]
CHEMICAL [13]
FLECTRICALS [21]
ENGINEERING (8)
FOODS (31)
MOTELS [43]
INSURANCE [11]
LEISURE [31]
WAPER [11]
PROPERTY [11]
SNOES [11]
TEXTILES [31]
TEXTILES [31]
TEXTILES [31]
OURSEAS TRADERS [17)

NEW LOWS (93)

ELECTRICALS (5) AB Electrons
Cranbrook Elect, Sound Diffusion
Let Refriberation ENGINEERING (1) SIMOR Engineering INDUSTRIALS (7)

Craton Lodge PAPER (1) See Containers SHIPPING (11
See Containers OK Bazaara
Abertoen Rand
OK Bazaara
OK Bazaara
New Klein Prop
Sa Generics
TRUSTS (8)
Japan Assets
Barne Invs. & Fin. Yelle Catto SHIPPING (1)

Fur rote indications see cud of Unit Trust Services
Call options were transacted in Abbey Life, Charteshall, STC, Aspinall, Oil Search, De Beers Deferred, Piessey, Bha, Biots, Appledore, Distillers, Kia Ora, Sears, Amstrad Consumer Electronics, Raybeck, C. H. Balley, Vosper, Parkfield Foundries, Goodman Bros, Polly Peck, and H. P. Bulmer, A put was done in Manganese, Bronze, but podoubles were reported. RISES AND FALLS YESTERDAY

British Funds
Corpus Dom and
Foreign Bonds Foreign Bonds 20 Industrials 290 Financial and Props 153 Oils 19

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LONDON TRADED OPTIONS

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Cons. Gold 380 (*472) 420 460 500 350	22 65 59 22 11	103 77 32 32	87 64 40	8 5 12 40 87	17 33 52	22 49 82	Racal (*128 ₁	120 130 140 180	15 3 2 1	22 14 10 4	30 22 15 2	7) ₃ 15 34	10 15 1 ₂ 34	34
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1.C.I. 600 (*68a) 650	160	107 57	177	13	97	15								\equiv
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Marks & Sp. 160 (*185) 140 150 180	56 45 26 11	51 51 51 51 15	57	1	2352	=	Boss	550 560	160	28 7	28	18 40	25 45	28
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Option	Nov.	Feb.	May	Nov.	Feb.	May	(*960)	240 240 980	27	50 55 28	58 41 28	2	5 14	4 2 15
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Barclays 660 1*412 585 590 420 435	32 - 5	70 45 97	77 57 40	4	5 10 25	7 13 59	Nanson (*215)	180 125 200 215 280	41 27 15	46 35	60 36	5	8	78 7 11 12
Brit. Aero 300 *446 330 360 390 420	25 56 40	73 55	143 113 86 67	1 1 2 3	1 2 4 15	1 2 2 22	Jaquar (*512)	240 280 980 300 360	78 5p 43 30 10 lg	65 64 42 37 91	71 58 47 30	11: n 8	1 tg	5 11 12 31
8rit7nleonm 160 (*190) 170 180	38 22 15	57 12	45 = 27	01s 034 11s	33 1 1 1 ₂	57 - - 5	(*574)	560 390 420	53 15 3	45 85 14	55 55 90	22 47	13 50 50	17 52 60
Imperial IIr. 160 (818°) 160 200 200	55 38 15	51 44 26	53 45 34	91 012	2 4	.51 .51		260 260 280	12	37 20	4 <u>S</u>	3 15	18	18 20
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LASMO 240 260 280 280 280 300 623	5 1	20 13 - 7	50 92 15	18 35 48 	22 38 55	15 28 43 52	FT-SE 127 Inden 130 (*137p; 132 135 157	5 112 0 87 5 05 0 46 5 25	妈	120 100 80 62 47	- 1 - 1 - 12 57 23	150	50 22 30 40	
LONRO 140 163° † 160 180	24 5	87 12 51e	28 151 ₂	5	1 l2 6	51e 812	NOvember 4 To	*=1 ~~	87	<u>es I .</u>	45 [37	143	52 4	60

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_	1342.		-0.4		7.3		4.05	16.74	36-20	1348.6			1378.83	891.47	Н	SILVE
	892.0		+0.2		7.2		3.65	16.98	15.64	890.3			882.32	692.81	Н	S/FL
'	696.7	_	-0.4	_	- <u>84</u>	_	3.67	15.85	14.38	886.3 696.2		_	887.55	0.0	Ш	e FL 5/FL
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-/]	796.7		+1.1		_	1	4.27	· —	23.40	788.4			779.72	301.62	Н	SIFL I
•	401.2 1221.1		+1.2	•	6.8	.	4.91	19.39	9.88	396.5 1216.9		95 25	391.24	289.61 828.23	Н	SIFL
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- 1	694.8	14	****	1	5.42		3.49	24.74	12.71	695.0	694	27	696.83	628.59	П	S:FL
4	306.6	_	-0.1	4	9.94	4	5.42	12.42	11.08	307.0			302.40	259.30	Н	S.FL
٠ (627.2 253.9		+0.6		13.17	. 1	3.42 6.12	8.83	12.63 10.48	623.4 256.1			619.14 261.98	554.92 283.80	П	S:FL
- 1	594.7		-0.6		12.6		6.72	9.35	26.76	598.4			599.25	602.33	11	S/FL
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S AND FALL

FERDAY

K MARKETS

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Indices

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Chief price changes (in pence unless otherwise indicated) RISES

RISES	J
Blun-Permog 113	+7
Breakmate	+11
Burton 570	+15
Cadbury Schw 150	+4
Cannon St Invs 93	+13
Coats Patons 151	+ 5
Comm-Union 258 .	+8
Courtaulds 159	+ 5
Courtaulds	÷12
ICI 684 Lon & Edinby Tst 455	+10
Lon & Edinby Tst 455	+35
Mowlem (J) 336	+10
Oxford Inst 392	+44
Parkfield 187	+ 7
Pearl Assoe £13%	+ ½
Que Moat Houses 63	+4[
STC 85	
Sovereign O & G. 110	+10
Vosper 222 Whitecroft 186	+18
Whitecroft 188	+ 8
FALIS	1
Anglo Amer Gold £31%	4%
Blue Circle 585	-13
Costain 488	-14
Hickson Intl 331	-22
Kloof Gold 380	52
Midland Bank 441	-10
Sound Diffusion _ 41	- 4
S.A. Land 75	-35
Vaal Reefs £33%	- 2%

"What's special about these Danish companies?"

ABN Bank Copenhagen Branch, Assurander-Societetet, Barckeys Finans A/S, Berlingske Tidende, Bikuben, Boliden, Bucht-Deichmann, Danish Steel Works Ltd., Danish Telecom International A/S, Danish Turnkey Dairies Ltd., Dannebrog Shippard Ltd., A/S De Danske Sukkerfabrikker, Domi A/S, Duracell-Daimon ApS, East Asiatic Co. Ltd. (A/S Det Østasiatiske Kompagni), A/S Elizabeth Arden, Eas-Food, F. L. Smidth & Co. A/S, Forlaget Management A/S, Frisko Sol Is A/S, Ginge Brand & Elektronik A/S, Gränges Danmark A/S, Grundios International A/S, Haldor Topsøe A/S, Hellerup Bank A/S, Henriques Bank A/K, Henriques Bank A/K, Kreditforeningen Danmark A/S, Kommunadata, Midtbank, A/S Niro Atomizer, Norsk Hydro Danmark a.s, Nykredit, Price Waterhouse, Privatbanken A/S, Revisionsfirmaet C. Jespersen, Skandinavisk Tobakskompagni, Statsanstalten for Liveforsliving, The Jutland Technological Institute, Aktiesetskabet Varde Bank.

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COMPOSITE PRICES

AMEX COMPOSITE PRICES

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Momentum begins to slacken

CONSOLIDATION took hold in Wall Street yesterday as investors paused after Friday's session which saw some powerful gains, writes Terry Byland in New York.

Strength in IBM and Merck boosted market indices, and special situations provided many features. Investors continue to expect interest rates to move downwards although a cut in the federal discount rate at this week's meeting of the Fed's Open Market Committee (FOMC) is considered unlikely.

At 3pm the Dow Jones industrial aver-

age was down 2.64 at 1.387.61.

The latest report from US purchasing managers, indicating that the economy remains buoyant, confirmed the stock markets' favourable response to the October employment statistics. In the credit markets short term rates edged higher behind a federal funds rate at 8% cent, and bond prices were a shade easier as the FOMC meeting began.

Some initial profit-taking in stocks was not unexpected after the sharp gains of recent sessions, and prices soon steadied.

The continued downward pressure on the US dollar spurred prices for the big overseas earners. At \$132%, IBM gained

STOCK MARKET INDICES

665,03°

160,70*

672.51

736.21

222.9

501.9

98.81

191.01*

DJ Transport

LONDON

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FT-SE 100

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Composite

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WORLD

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BELGIUM

CANADA

TOKYO

FT-A All-share

FT Gold mines

FT-A Long gitt

S&P Composite

\$1% in heavy trading, bringing the stock within \$8 of its 52-week peak.

Merck, the pharmaceutical leader which features in the Dow industrial average, rose \$1% to \$119%, a new 12-month high.

Other strong spots in the pharmaceutical industry, which takes around half its sales and profits from outside the US, included Bristol-Myers, \$1% higher at

Banks were again sustained by the fall in rates in the money markets, which will benefit earnings. At \$53%, J. P. Morgan gained \$1 while Bankers Trust at \$63% held steady. However, BankAmerica slipped 5% to \$14% on nervousness over fourth quarter trading.

In technology stocks, Digital Equip-ment gained \$\% to \$113\%, NCR \$\% to \$35%, Cootrol Data \$% to \$17% but Honeywell, at \$82, gave up \$% as recent profit forecasts from the boardroom continued to unsettle.

The Detroit car makers were unsupported as Wall Street was put off by the industry's falling sales. Ford edged up \$\% to \$47\% but General Motors remained unchanged at \$67% and Chrysler, despite last week's news of soaring

profits, eased \$1/4 to \$40%.

KEY MARKET MONITORS

Standard & Poors 500

Year ago

532.32

143.82

167.A1

548.01

597.29

524.9

10.13

57.37

170.04

140.7

186.0

421.40p £949.51

\$27.70

PM Yen

Swfr

9%

10%

10%

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Source: Me

10% June 1990

3% July 1990

10% Mar 1993

10% May 1993

Abbot Lab

Diamond Shamrock

Federated Dept S 10% May 2013

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12% Dec 2012

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(Composite)

Chemicals, also major overseas earners, lacked enthusiasm. At \$82%, Du Pont shed \$4, and Dow eased \$4 to

Selective buying of both airline and rail issues lifted the Dow transportation average. United Air added \$1/2 to \$48%, but among the international carriers, Pan Am eased \$% to \$7%. In railways, Norfolk Southern strengthened \$% to

The star of the takeover sector was

U.S. DOLLAR

207.75

7.9125

2.136 2.928 1,750.0

FFY

6-month U.S.S.

Previous

208.85

2.9415

INTEREST RATES

U.S BONDS

1001%

1031%e

Return

131.26

129.47

126.11

131.11

137.55 +0.25

101%

831/2

101

Nov 4

Yield

9.79

9.97

Not 4 Day's change

+0.19

+0.18

+0.10

+0.19

9.86 8.15

104% 11.75 104% 11.75

78-21 78-25 78-13 78-23

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FINANCIAL FUTURES

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Nov'4 Pravious

11.4 11.4425

1,4405

300.75

4.2375

2,537.5

47/10 5 9%

81/14 8% 8% 7.80

Prev

Price Yield

997/ 9.82

103% 9.997

9.46 -0.01

9.18 -0.01

Prev

101%

83%

Price Yield

Day's

a

-0.01

-0.02

9.86

8.15

8.70 1001% 8.70

10.24 103% 10.2083

Yield

8.66

10.47

3.08

1.441 3.74

4.22

75.65

4.9744

7.70

299.25

Potlach, the timber company, which spurted \$7% to \$43% as the Belzberg family offered \$45 a share, or \$693m. provided that the board withdraws anti-takeover proposals.

Cluett Peabody rose \$1% to \$38% after agreeing to merge with West Point-Pepperell for around \$41 a share. A stake of 23 per cent of the Cluett equity will be sold to Pepperell at \$39.45 a share by Mr Paul Bilzerian, a previous suitor. Stock in Pepperell dipped \$2 to \$41 on the merger agreement.

Stock in CBS, the television news network, slipped \$2 to \$121%, oo disappointment that a strong gain on Friday did not produce any SEC filing to confirm rumours that a New York property group may try to seize control from Loews Corp, which intends to take a 25 per

cent stake.
One of the market's long-standing takeover favourites, ITT, brushed aside the disclosure that Mr Irwin Jacobs has backed away and disposed of his 4.5 per cent stake in the equity. Wall Street is convinced that either another bidder will appear or the board will be obliged to improve the company's performance

In the credit markets, the yield curve continued to flatten. The return of federal funds rate to around 8 per cent ap-peared to be a sign that the Fed does not want short-term rates any lower at present. But money market rates remained stationary while gains in Treasury bills were held to a few basis points.

The bond market was resting after last week's successful auctions of \$17.75bn worth of Treasury securities. Prices were a shade lower in thin

LONDON

Enthusiasm partially stifled

ENTHUSIASM in London equity markets was partially stifled yesterday morning by an aggressive bout of profit taking. The FT Ordinary index nevertheless managed a 0.5 point advance taking it to a fresh peak of 1,071.1.

Bullish vigues on the content of the content

Bullish views on the outlook for inflation and interest-rate trends worldwide were incentives to potential buyers who focused their funds on consumer-related stocks ranging from stores to food

Among the actives were Burton, 15p up at 570p, and Cadbury Schweppes, 4p higher at 150p after its denials that it was the subject of a takeover bid. Elsewhere, South African issues were particularly weak, with Anglo American Gold down £4% to £31% and Vaal Reefs £2% cheaper at £331/2.

US bond market influences and a firmer pound encouraged revived sup-

Chief price changes, Page 35; Details, Page 34; Share information service,

SINGAPORE

CONCERN over the continuing disarray in world tin markets pressured Singapore and left most sectors weaker in moderate trading. The Straits Times industrial index, down 5.59 at noon, recovered slightly to 763.69, down a net 4.25.

Among tin stocks, Berjuntai lost 20 cents to S\$2.80, MMC retreated a further 3 cents to 83 cents and Straits Trading dropped 6 cents to S\$2.84.

Elsewhere, Cycle & Carriage dipped 6 cents to S\$3.14, and Genting lost 5 cents to S\$5.85. Moving against the trend were National Iron, 3 cents up at S\$2.16, Singapore Press, 5 cents firmer at \$\$6.65, and Fraser & Neave, 5 cents higher at

HONG KONG

SUBSTANTIAL buying orders from institutions and small investors gave Hong Kong renewed strength, taking the Hang Sang index above the 1,700 level for the fourth time this year with a 21.54 advance to 1,792.19. Properties traded higher, with Cheung

Kong picking up 50 cents to HK\$21, while Hongkong Land and Sun Hung Kai Properties both firmed 20 cents to HK\$6.90 and HK\$13.60 respectively. Banks, recently under strong selling

pressure, featured Bank of East Asia, 20 cents stronger at HK\$22.90, and Hongkong Bank, 5 cents ahead at HK\$7.45.

SOUTH AFRICA

GOLD and most other mining issues finished firmer in Johannesburg as some speculative foreign buying developed after the fall in the financial rand. Southwaal advanced R2 50 to R99, with

Kinross R1 higher at R39 and Loraine 25 cents ahead at R12.05. Impala Platinum picked up 50 cents to

R27.50, and leading diamond producer De Beers gained 25 cents to R15.75. Industrial leader Barlow Rand also benefited with a 25 cent-gain to R10.90.

CANADA

STRONGER industrials injected a measure of support in Toronto which braced itself for a technical downturn after Fri-

day's dramatic rises.

Among the actives, Canadian Pacific moved CS% lower to CS16%, and Canadian Imperial Bank of Commerce gained C5% to C539%. Royal Trustco traded C5% down to C\$21 after details of its new

stock issue. Montreal moved selectively higher.

EUROPE

Early gains dampened by profit-taking

THE higher trend continued across Europe yesterday with some bourses recording peaks yet again. The softer dol-lar contributed to the tone, and foreign buyers stepped in to pick up bank and insurance stocks. Late profit-taking in some bourses left prices off their highs for the day, however

Hectic buying in Amsterdam pushed the ANP-CBS index to a record early in the session as both foreign and domestic investors returned to the market in force. The index closed up 2.2 at 228.7 sweeping aside the previous record of 226.6 set on October 31.

Demand for banks led the advance which soon spread to all sectors. The most impressive performer was ABN, FI 9 higher at FI 548, while Amro took on FI 2.40 to Fi 97.80 and NMB Fi 2 to Fi 218. In internationals, Royal Dutch scored a gain of Fl 260 to Fl 188, Unilever, still buoyed by investor enthusiasm, added FI 5 to FI 362 and KLM took on 40 cents

to FI 52.80. Hoogovens rose Fl 2.10 to Fl 68 on expectations that the steel group's record of efficiency will help it benefit from the easing of some EEC output quotas. Bonds were higher where changed, with revived interest in guilder issues

because of the weaker US dollar. Frankfust turned lower on late profit-

taking. The Commerzbank index, calculated at midsession, reflected early solid gains to end at a record 1.781.4 up 11.1. Cars and banks were sought and generally beld on to their early advances. Deutsche Bank registered a gain of DM 6.50 to DM 730, Dresdner added DM

2 to DM 349 and Commerzbank DM 1.50 to DM 280. In cars, VW held on to most of its early rise, to end up DM 8 at DM

Chemicals group Schering, which is in talks over plans to buy some of Henkel's US industrial chemicals operations, was up more than DM 10 at the opening but, after profit-taking, ended only DM 2.50 higher at DM 642.50. Bayer's DM 5.90 drop to DM 264.50 was the sharpest set-back in the sector.

Siemens, which has offered to co-operate with Indonesia in building the country's first commmercial nuclear power plant, slid DM 6 to DM 677 while AEG also ended lower at DM 241.90, a

loss of DM 9
Boads were boosted by the lower dollar and ended up to 50 pfg firmer in a lively session. The Bundesbank sold DM 83.3m worth of domestic paper after selling DM 130.9m worth on Friday.

Investor enthusiasm continued in Milan where prices ended generally higher, marred slightly by late profit-

Brokers noted that the sales were due to technical and speculative factors and said that they expected the market to continue its hullish trend in the coming

Among the best performers were Fiat, L40 higher at L4,720, Snia-BPD, up L43 at L4,093, and Centrale, L100 higher at

Italmobiliare railied to L137,050 from Li35,900 after news that it would pay a

Last week's succession of rallies appeared to slow in Zurich yesterday as selective profit-taking weighted on the market. Most prices ended steady while

banks and insurers edged higher. UBS added SFr 45 to SFr 4,800, and Crédit Suisse rose SFr 30 to SFr 3,220 while in regional banks Hypo Aargau

gained SFr 100 to SFr 2,100. Zurich Insurance put on SFr 50 to SFr 5,650 while Winterthur added SFr 15 to SFr 4,740. After the market closed, the company said it planned to issue 50,000 new participation certificates.

In otherwise steady enginterings, Saurer dropped SFr 10 to SFr 225 on disappointing interim results.

Bonds ended mostly unchanged as inestors kept to the sidelines, awaiting a further fall in prices.

The last day of the current forward market saw Brussels higher but below recent records.

Banks and industrials were firmer, with Petrolina, the country's largest in-dustrial group, BFr 100 higher at BFr 7,100, Bekaert up BFr 220 at BFr 7,516 and Générale de Banque BFr 100 ahead. at BFr 4,495.

Uncertainty in world tin markets depressed non-ferrous metal issue Visille-Montagne which lost BFr 700 to BFr

Investors in Paris returned from their

All Saints' Day celebrations with a wave of orders to take prices higher. Sentiment was boosted by a dip in the call-money rate and a government sur-vey which predicted a rise in consumer demand during the last two months of

Food stocks were the strongest per-formers and electronics were also

Stockholm ended sharply higher while prices in Madrid rallied in light trading.

AUSTRALIA

A SHARP rebound took Sydney share prices higher, and the All Ordinaries index rose 9.0 points to 1,015.5.

The recovery, largely technical in na-ture after last Friday's dramatic drop over reports of Opec pricing policy, was led by domestic oil groups.

BHP, the largest oil producer in Australia and a likely victim to any shakeout in crude oil prices, regained 15 cents to AS8,30 while Santos sprinted 32 cents ahead to A\$5.46. Woodside Petroleum firmed 5 cents to A\$1.40.

Renison Goldfields Consolidated continued to suffer from tin market uncertainties and fell back 14 cents to ASS.30.

TOKYO STOCK EXCHANGE

Deep sighs follow global trading talks

JAPANESE stock exchange officials are breathing a sigh of relief after the recent visit of New York stock exchange chairman Mr John J. Phelan Jr to Japan.

Mr Phelan, a long advocate of roundthe-clock stock trading, repeated the idea that a link between US, British and Japanese exchanges would permit 24hour global trading and enhance the efficiency of the markets through increased competition. But he also stressed, much to the relief of Japanese officials, that the reality might prove very difficult to achieve.

Senior Tokyo officials revealed that, although Mr Phelan did not give details of a global trading plan, he acknowledged that certain issues - such as an expanded mutual listing of shares, efficient settlement of trading between the exchanges and an effective control system - would have to be resolved.

Round-the-clock trading between New York, London and Tokyo would require a unification of their governing rules. Japan would be most affected by the dispersion of trading on the exchange and changes in the system of fixed-brokerage commissions.

In Tokyo, member and non-member companies are obliged to execute buy and sell orders on the exchange, with external trading prohibited. This rules out the possibility of creating a third market such as already exists in the US.

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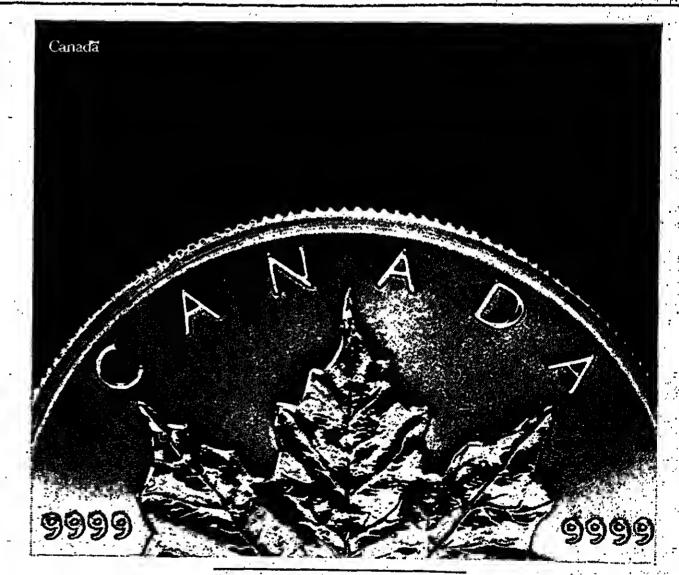
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The system of fixed-brokerage commissions remains intact although the rates on large-lot trading were reduced somewhat this spring to lessen the burden on institutional investors.

Benefiting from these two rules and

the expanded stock investment by institutions, many securities houses earned unprecedented profits for the accounting year to September.

Many exchange officials and brokers had been concerned that Mr Phalan's visit could lead to a revision of these



There are still two things you can count on:

An investment today in gold should be considered as a form of Pure gold and Canada. insurance. Just as a central bank's

reserve of pure gold (995 or purer) insures the wealth of a nation, pure gold can iosure your financial security and independence in the future. An insurance policy, however, is only as good as what or who stands behind it. Therefore, when insuring your wealth, you should consider the advantages of Gold Maple Leaf coins from Canada.

Canada's Gold Maple Leaf offers many advantages. It is recognized throughout the world and requires no costly assay at resale to determine its purity. Also, a portion of the premium you pay over the price of gold is recovered on resale.

The Gold Maple Leaf is the purest gold bullion coin in the world-9999 fine gold. It contains no base metals, which only add weight and no real value. Rather, it contains only pure Canadian gold. The government of Canada produces the Gold Maple Leaf and guarantees its gold content and purity.

advantages of Gold Maple Leaf coins. After all, central banks demand a guarantee of source and purity, and so should you.

leaf. The Gold Maple Leaf is legal tender in a country well-known for its stability, independence, and freedom. The value of your financial insurance policy can

This guarantee is embodied io the

symbol of the country-the maple

found in the financial pages throughout the world. The price of the Gold Maple Leaf, which contains a minimum of ooe ounce pure gold, is directly related to the daily price of gold.

Therefore, when planning the insurance of your investment portfolio, be sure to consider the



Gold Maple Leaf. There is no substitute for purity.

GOLD (per ounce) Nov 4 \$325.25 \$324.75 \$323.50 London \$325.60 \$326,13 \$326.43 Paris (fixing) \$326.00 New York (Dec \$328,10

233.7

COMMODITIES

£50,000 32nds of 100%

113-01 113-14 112-29 113-07

mel City

U.S. Treesury Bonds (CBT)

\$1m points of 100%

\$1m points of 100%

Three-month Euro

\$1m points of 100%

U.S. Treasury Bills (MIN)

es of Deposit (MIN)

LONDON